

**FEDERAL FISCAL YEAR (FFY) 2021  
REPORT ON THE REVIEW OF  
VIRGIN ISLANDS DIVISION OF  
DISABILITIES AND REHABILITATION  
SERVICES (DDRS)  
VOCATIONAL REHABILITATION  
AND  
SUPPORTED EMPLOYMENT PROGRAMS**



**U.S. Department of Education  
Office of Special Education and  
Rehabilitative Services  
Rehabilitation Services Administration**

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# SECTION 1: THE SCOPE OF THE REVIEW

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## **A. Background**

Section 107 of the Rehabilitation Act of 1973 (Rehabilitation Act), as amended by Title IV of the Workforce Innovation and Opportunity Act (WIOA), requires the Commissioner of the Rehabilitation Services Administration (RSA) to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Rehabilitation Act to determine whether a vocational rehabilitation (VR) agency is complying substantially with the provisions of its State Plan under Section 101 of the Rehabilitation Act and with the evaluation standards and performance indicators established under Section 106 of the Rehabilitation Act subject to the performance accountability provisions described in Section 116(b) of WIOA. In addition, the Commissioner must assess the degree to which VR agencies are complying with the assurances made in the State Plan Supplement for Supported Employment Services under Title VI of the Rehabilitation Act.

RSA works closely with its Federal partners at the U.S. Department of Labor's Employment and Training Administration (ETA) and the U.S. Department of Education's Office of Career, Technical, and Adult Education (OCTAE) to share monitoring and technical assistance activities, especially as they relate to the joint provisions under WIOA. Though the VR program is one of the six core programs in the workforce development system, it is unique in that State VR agencies provide services directly to individuals with disabilities, thus the nature and scope of RSA's monitoring process and report may appear different from the monitoring ETA and OCTAE conduct with their grantees.

In Federal fiscal year (FFY) 2021, RSA conducted an off-site review of the State Vocational Rehabilitation Services program (VR program) and the State Supported Employment Services program (Supported Employment program) administered by the Virgin Islands Division of Disabilities and Rehabilitation Services (DDRS) in lieu of on-site monitoring due to the continuing COVID-19 pandemic. The nature, scope, and focus of this review and the process by which RSA carried out its activities from February 23 through April 27, 2021, was defined by information, documents, and data submitted by DDRS, taking into account the goals, unique circumstances, and technical assistance needs of DDRS.

RSA—

- Assessed the performance of the VR and the Supported Employment programs with respect to the achievement of competitive integrated employment outcomes and the quality of those outcomes, for individuals with disabilities, including those with significant and most significant disabilities;
- Reviewed the financial management of the VR and Supported Employment programs;
- Identified strategies and corrective actions to improve program and fiscal performance.
- Provided technical assistance during the review and/or recommended additional technical assistance to be provided following the review. and
- Identified VR agency practices or strategies, which resulted in or are expected to improve performance.

## **B. Review Team Participants**

Members of the RSA review team included Tonya Stellar (Vocational Rehabilitation Program Unit); Caneshia McAllister and Samuel Pierre (Technical Assistance Unit); Jessica Hawes (Workforce Innovation and Opportunity Act (WIOA) Team Coordinator); Rimal Desai and Vernita Washington (Data Collection and Analysis Unit) and Patricia Dickerson (Fiscal Unit). Although not all team members participated in all aspects of the off-site review, each contributed to the gathering and analysis of information, along with the development of this report.

## **C. Acknowledgements**

RSA wishes to express appreciation to the representatives of DDRS for the cooperation and assistance extended throughout the review process. RSA also appreciates the participation of others, such as the State Rehabilitation Council (SRC), the Client Assistance Program, advocates, and other stakeholders during the review process.

## **SECTION 2: FOCUS AREA – PERFORMANCE OF THE STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS**

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### **A. Purpose**

Through this focus area, RSA assessed programmatic performance leading to the achievement of competitive integrated employment outcomes, including the quality of those outcomes, by individuals with disabilities served in the VR program. RSA analyzed VR program data, policies and internal controls, implementation of the VR process, and service delivery. The analysis below, along with any accompanying findings and corrective actions, is based, in part, on a review of the performance data contained in Appendix A of this report. The data used in the analysis are those collected and reported by the VR agency.

### **B. Analysis of the Performance of the VR Program**

RSA's analysis of the VR agency's performance of the VR and Supported Employment programs incorporated a review of data reported by DDRS on the Case Service Report (RSA-911) and the WIOA Statewide Performance Report (ETA-9169) for program years (PYs) 2017 through 2019, as well as the discussion and review of internal controls and policies. A summary and analysis of performance data related to the VR process, VR services, quality of employment outcomes, and pre-employment transition services is presented below in addition to a discussion of potential factors influencing program performance, including how DDRS uses data to inform program performance and management of the VR and Supported Employment programs.

### **Performance Data Summary and Analysis**

DDRS communicated that the devastating twin hurricanes in PYs 2017 and 2018 impeded the agency's ability to operate the VR program, deliver VR services, and complete required RSA reports. Staff capacity, training resources, service providers, and employment opportunities were limited due to the hurricanes' impacts including lack of operational office space and basic necessities such as water and electricity. Many DDRS staff, customers and service providers were forced to relocate from the Virgin Islands due to damage caused by the hurricanes. The agency was unable to report any RSA-911 data in PYs 2017 and 2018, however, DDRS began reporting some performance data elements in PY 2019. Additionally, the COVID-19 pandemic negatively affected the VR agency in the fourth quarter of PY 2019 and the first three quarters of PY 2020. Although the FFY 2021 review of DDRS covered PY 2017 through PY 2019, the review was conducted using PY 2019 performance data since those were the only performance data available at the time of the review.

At the time of the review, DDRS was in the process of revising program policies to align with statutory and regulatory provisions; however, it reported using a policy and procedure manual that was implemented prior to the September 2017 hiring of the current VR program administrator and 2014 WIOA amendments to the Rehabilitation Act. DDRS was not able to confirm the date its currently existing policies and procedures were issued but shared that its manual may have been issued around FFY 2007 or FFY 2008. RSA reviewed a draft policy and

procedure manual submitted to RSA on February 24, 2021, that included policies specific to pre-employment transition services and supported employment services; however, there were no written policies specific to measurable skill gains, credential attainment or performance accountability measures. Since DDRS was focused on finalizing revisions to its policy and procedure manual to align with the statutory provisions of the Rehabilitation Act as amended by WIOA, it did not implement internal control processes or procedures during the review period. RSA provided extensive technical assistance throughout the review process to assist the agency with timely and accurate data reporting and policy development.

During the review, DDRS communicated that the Virgin Islands Department of Labor (Virgin Islands DOL) is in the process of developing apprenticeship programming and Job Corps programming that should be available in the Spring of 2022. DDRS shared that all workforce development partners are working together to serve individuals with disabilities, often making cross referrals of individuals in need of other programs' services. Although the Virgin Islands DOL has not asked workforce development partners to contribute financially to the infrastructure costs of the American Job Centers (AJC), due to the twin hurricanes and the pandemic, all partners are providing staff to serve individuals in need of AJC services. Infrastructure costs are further discussed in Section C of this focus area.

### **The VR Process**

RSA reviewed PY 2019 performance data, to better understand the level of engagement and movement of individuals with disabilities through the VR process. The analysis assisted RSA and DDRS in identifying potential obstacles to efficient service delivery and engagement of individuals with disabilities throughout the VR experience, as well as areas to improve agency performance.

In PY 2019, DDRS reported 86 applicants, 69 individuals with disabilities determined eligible for the VR program, 320 participants who received VR services under an individualized plan for employment (IPE), and 34 individuals with an IPE who did not receive any VR services during the year. DDRS communicated that some individuals with IPEs refused services during the COVID-19 pandemic, which affected one quarter of PY 2019 data. The lack of service providers and community rehabilitation programs (CRPs) also negatively affected service coordination and provision. Of those individuals with an IPE who received VR services, 65.3 percent were individuals with cognitive disabilities and 11.6 percent were individuals with auditory or communicative disabilities.

In PY 2019, DDRS reported that 78.3 percent of eligibility determinations were completed within 60 days from the date of application; however, 21.7 percent of eligibility determinations were beyond 60 days from the date of application. Of the 69 individuals determined eligible for VR services, 38 individuals were determined eligible within 60 days from the date of application, while 31 individuals were determined eligible 61 or more days after application. Thirty-three percent of eligibility determinations had extensions (Appendix A, Table 1). DDRS reported that it is able to determine eligibility for individuals who have the necessary documentation to support an eligibility determination; however, eligibility determination is delayed when supporting documentation is not available and assessments need to be purchased. DDRS clarified that one-third of eligibility determinations required extensions due to counselors' inability to

obtain disability-related documentation within 60 days from application, due to multiple levels of approval needed to procure services, and the lack of funds available to purchase timely assessments needed to determine eligibility.

The Government of the Virgin Islands is currently operating under specific conditions imposed by the U.S. Department of Education. As a result of the specific conditions, a third party fiduciary provides oversight and management of the VR program, including its budget and funding. All authorizations are required to be approved by the DDRS director, designated State agency (DSA) commissioner and assistant commissioner, and the third party fiduciary, which has caused delays in the coordination and provision of assessments and services. DDRS communicated that it is working toward taking necessary corrective actions to resume oversight of the grant award, currently under specific conditions, and has established a team through the office of management and budget to lead this effort.

In PY 2019, 81.7 percent of IPEs were developed within 90 days from the date of eligibility determination; however, 18.3 percent of IPEs were developed beyond the 90 days from the date of eligibility determination. DDRS acknowledged the need to identify and address challenges to the timely development of IPEs. The agency reported that it was not aware that substantially all IPEs be developed within 90 days from the date of eligibility determination. This is further addressed in Section D of this report under Finding 2.1.

DDRS managers reported meeting with staff to discuss eligibility determination and IPE development timelines, as well as pending delays and challenges related to the purchase and receipt of supporting documentation of a disability. VR counselors are required to submit combined monthly report forms (October 25, 2019 issuance) to their respective managers that summarize the monthly total number of referrals, applicants, survey interviews conducted, extended evaluations (removed from the statutory provisions in 2014) and trial work experiences, eligibility determinations, and IPE developments. Additionally, monthly reports include the number of individuals whose cases were closed during the various stages of the VR process, including referral, application, and while on a waiting list under an OOS; after eligibility determination, but before development of the IPE; after development of the IPE, but before services were received; and after services were received, but before employment. The monthly summary also includes the total number of individuals in college, on-the-job trainings, supported employment, entrepreneurship, and those ready for employment. However, the combined monthly report form does not identify required timelines to assist counselors with managing when activities are due.

RSA and DDRS discussed possible strategies to address untimely eligibility determination and IPE development, including the use of weekly reports and activity due checklists in addition to the agency's combined monthly reports, to aid supervisors and VR counselors in meeting required timelines and the implementation of eligibility and IPE extensions. RSA also recommended that DDRS develop and implement policies that clarify performance expectations in order to decrease the number of individuals exiting as an applicant prior to eligibility determination, and after eligibility, prior to a signed IPE. DDRS shared that it experienced system errors when counselors entered IPE-related data in PY 2019 as the agency shifted to the collection of quarterly data. At the time of the review, DDRS did not have an electronic case management system with edit checks in place to ensure the timely reporting of accurate data.

RSA and DDRS discussed the need for internal controls to not only monitor eligibility determination and IPE development timelines, but also the services reflected on the IPE. Another factor that affected timely eligibility determination and IPE development was the lack of sufficient providers from whom DDRS could purchase assessments, as there were only two such providers during PYs 2017 through 2019. Fortunately, DDRS was able to work closely with local educational agencies (LEAs) to obtain supporting documentation for students with disabilities.

Although 320 participants received VR services from DDRS, 34 individuals with an IPE received no VR services. DDRS attributed the delay in service coordination and provision to the lack of providers in the Virgin Islands, as well as multiple levels of approval necessary to procure services. In response to the limited providers, RSA provided DDRS with resources to assist in the development of customized training and employment.

Of the 125 individuals who exited the VR program from various stages of the VR process during PY 2019, 10 individuals exited as an applicant prior to eligibility determination or trial work experience; eight individuals exited after eligibility, prior to a signed IPE; 40 individuals (32 percent) exited after an IPE without an employment outcome; no individuals exited after the receipt of services under an IPE in noncompetitive and/or nonintegrated employment; and 59 individuals (42.7 percent) achieved competitive integrated employment. Of the 59 individuals who achieved competitive integrated employment, one individual was reported as having achieved supported employment. During the same period, DDRS achieved an employment rate of 60 percent. At the time of the review, DDRS was not under an order of selection.

Individuals most commonly exited the VR program in PY 2019 because they were no longer interested in receiving services or further services (33 individuals, or 26.4 percent), VR staff were unable to locate or contact them (21 individuals, or 16.8 percent), they were no longer available for services due to residence in an institutional setting (19 individuals, or 15.2 percent), and all other reasons (6 individuals, or 4.8 percent). DDRS shared that the data reported for individuals exiting due to moving into institutions is inaccurate as no individuals were institutionalized and the agency would need to review the cases of those individuals reported as being institutionalized. DDRS staff currently use case manual policies to code and report reasons for exit; however, there were no internal controls in place at the time of the review to verify the accuracy of data reported. Rather, the agency reported using RSA's edit checks when it submits the RSA-911.

The agency attributed the attrition of individuals at various stages of the VR process to the storms that damaged the islands and the need for individuals to relocate off-island. DDRS reported that staff attempt to reach out to individuals by phone, certified mail, and visit clients' homes prior to case closure. The agency reported that supervisors are required to review cases prior to closure and provide timely feedback to counselors. RSA and DDRS discussed strategies through which DDRS may re-engage individuals with disabilities in VR services, including a customer engagement tool that tracks active and closed cases to address attrition.

## VR Services

RSA reviewed and analyzed data and policies in consultation with DDRS related to career, training, and other services provided to VR and Supported Employment program participants to explore the degree to which individuals were afforded informed choice, engaged in timely service provision, and provided quality services needed to maximize the achievement of their employment goals.

During PY 2019, DDRS provided VR services to a total of 320 individuals. Of those individuals, two individuals (0.6 percent) received graduate degree training, 16 individuals (5.0 percent) received bachelor's degree training, one individual (0.3 percent) received junior or community college training, 21 individuals (6.6 percent) received occupational or vocational training, 19 individuals (5.9 percent) received job readiness training, and no individuals received customized training.

Of 317 participants served in PY 2019, 5.36 percent, or 17 participants, were eligible for measurable skill gains (MSG). Although DDRS reported that 19 participants received postsecondary education and 334 students with disabilities, no individuals were reported as having earned MSGs for the same period of time. DDRS management and counselors reported a lack of understanding of MSG and credential attainment. As a result, RSA provided extensive technical assistance on identifying, tracking, and accurately reporting MSG and credential attainment, as well as obtaining the necessary supporting documentation. Technical assistance provided is further described in Section C of this focus area.

During PY 2019, DDRS either underreported or did not provide certain career and other services, as demonstrated by the RSA-911 report. Of the 320 participants who received VR services in PY 2019, DDRS reported providing no benefits counseling, customized employment services, or extended services for youth with the most significant disabilities. During the same period, DDRS reported the direct provision of the following career and other services to its participants by VR agency staff: vocational rehabilitation counseling and guidance (270 participants, or 84.4 percent), job search assistance (88 participants, or 27.5 percent), job placement assistance (27 participants, or 8.4 percent), and information and referral services (52 participants, or 16.3 percent). Purchased services included assessments (50 participants, or 15.6 percent) and supported employment services (4 participants, or 1.3 percent). A more comprehensive list that includes the number of participants and percentages who received training, career, and other services for PY 2019 is in Appendix A, Table 5 of this report.

During the review, DDRS reported substantial challenges in the lack of CRPs to provide services, including transportation. There is only one CRP in the U.S. Virgin Islands that provides supported employment services to individuals in St. Thomas, St. Croix and St. John. DDRS counselors reported that internships and trainings for students are arranged by VR agency staff in coordination with employers and schools. VR counselors communicated that they conduct home visits to ensure clients remain engaged in the VR process.

During the review, DDRS shared that it is developing a partnership with Virgin Islands University Center for Excellence in Developmental Disabilities (VIUCEDD) to develop pre-

employment transition services. RSA provided technical assistance on a draft agreement further described in Section C of this focus area.

At the time of the review, the agency did not have a case management system, but was in the process of procuring the same system used by the Virgin Islands (VI DOL) in order to facilitate the exchange of performance data. Throughout the review, DDRS communicated that the lack of a case management system impeded its ability to accurately code, track and report performance data, including agency-provided and purchased services. As a result, the agency will require that the new case management system allow for reporting agency-provided and purchased services, as well as comparable services and benefits.

DDRS acknowledged the challenges it experienced in PY 2019, as the agency shifted from reporting performance data on closed cases to quarterly reporting of performance data on active cases, as well as the need to train staff further on coding processes and requirements to ensure all services are recorded and accurately reported. RSA recommended that DDRS issue policy directives, procedures or appropriate agency guidance to ensure services are accurately coded, tracked, and reported consistently across the Virgin Islands at the time of service provision, and provide staff training on those policies.

### **Quality of Employment Outcomes**

The RSA review team examined data reported by DDRS, policies, and practices to determine how the VR agency is maximizing employment opportunities and quality employment leading to self-sufficiency for participants with disabilities, including those with the most significant disabilities. To guide the analysis and discussion of quality employment outcomes, the RSA team reviewed a variety of data elements, including data from the other measures that matter developed jointly by RSA and VR agency representatives, along with VR agency efforts, including the following:

- Employment status at exit;
- Employment rate;
- Median wages earned;
- Median weekly hours worked;
- Health insurance at exit;
- Social security benefits at exit;
- Participants who exited with competitive integrated employment, including supported employment;
- Employment status of participants in the second and fourth quarters after exit;
- Percentage of participants who retained employment;
- Types of occupations that VR participants obtain;
- Efforts to promote career advancement;
- The attainment of MSG and credentials;
- Efforts to assist participants in achieving parity with the general working population; and
- Strategies to promote job retention.

In PY 2019, 59 individuals with disabilities achieved competitive integrated employment. The median hourly earnings at exit was \$13.00 per hour, while the median hours worked at exit was 40 hours.

DDRS reported that the agency uses labor market trends to meet the employers' needs throughout the U.S. Virgin Islands and works with the Virgin Islands DOL to identify labor market trends and industry demands. DDRS communicated that it is in the process of developing a UI wage record sharing agreement with Virgin Islands DOL and is hopeful that the purchase of a new case management system, that is also used by Virgin Islands DOL, will help to expedite the exchange of data for individuals who are co-enrolled in VR and Virgin Islands DOL programming. Challenges related to using State unemployment insurance and wage record data is further described in Section D of this report under Finding 2.2. At the time of the review, DDRS did not have policies specific to the use of supplemental wage information outlined in RSA-TAC-17-04; however, RSA recommended that policies be developed and implemented.

### **Pre-Employment Transition Services**

Early career exploration through pre-employment transition services increases the likelihood of achieving high-quality competitive integrated employment. RSA reviewed data reported by DDRS related to the provision of pre-employment transition services to students with disabilities, including potentially eligible students and those determined eligible for the VR program. The review team analyzed data on the number of students with disabilities, the number of those receiving pre-employment transition services, and the types of services provided. In addition, RSA reviewed data in the other measures that matter related to the breakout of students with disabilities who received pre-employment transition services as potentially eligible students with disabilities and students with disabilities who received these services under an IPE, as well as the number of students with disabilities who advance from potentially eligible status to VR program participant status and their outcomes. These data are useful in evaluating the relationship between the provision of pre-employment transition services, participation in the VR process, and employment outcomes.

Of the 334 students with disabilities reported by DDRS in PY 2019, 105 students with disabilities (31.4 percent) received pre-employment transition services. All of the students with disabilities who received pre-employment transition services were applicants of the VR program, and no pre-employment transition services were provided to potentially eligible students with disabilities in PY 2019. However, DDRS did report that 12 potentially eligible students, or 14.0 percent of potentially eligible students, applied to the VR program during the same period of time. Although DDRS reported potentially eligible students, none were reported as having received pre-employment transition services. RSA clarified that pre-employment transition services must be provided statewide to students who are potentially eligible and eligible for VR services, and that DDRS cannot require that a student apply for VR services in order to receive pre-employment transition services.

DDRS reported that during the period under review, pre-employment transition services were provided to students under an IPE. Such services were provided by VR counselors, public school teachers approved as vendors of DDRS and two agricultural training agreements with a vendor. Without community rehabilitation programs, the majority of pre-employment transition services,

including job exploration counseling, work-based learning experiences and workplace readiness training were provided by VR counselors. At the time of the review, DDRS had not established standards, qualifications, requirements, or other means of ensuring that the teachers were eligible, capable, and the best qualified candidates for providing pre-employment transition services; however, the rate of payment for pre-employment transition services was based on the hourly rate paid to public school teachers by the school system.

During the review, DDRS was not able to provide RSA with an executed formal interagency agreement with the Virgin Islands Department of Education, the State educational agency (SEA). RSA reviewed a draft SEA agreement submitted to RSA on March 4, 2021, and provided technical assistance specific to the requirements in Section 101(a)(11)(D) of the Rehabilitation Act and 34 C.F.R. § 361.22(b) as further described in Section C of this focus area.

During the period under review, RSA verified that DDRS had not developed the policies, procedures, or internal controls specific to the provision, tracking and reporting of pre-employment transition services, or the direct staff time spent on the arrangement or provision of required pre-employment transition services or pre-employment transition coordination activities. RSA provided technical assistance specific to the requirements in Section 101(a)(10) (C) and 34 C.F.R. § 361.40, further described in Sections C and D of this focus area.

### **Factors Influencing Performance**

Aside from the hurricane natural disasters, DDRS' performance was substantially affected by the lack of written policies, procedures and internal controls, as well as an SRC that was not fully constituted and the DDRS's lack of a current comprehensive statewide needs assessment (last conducted in 2014).

During the period under review and at the time of the off-site review, DDRS was operating under a case services policy manual that was developed prior to the WIOA amendments to the Rehabilitation Act. The agency was not able to confirm the date its current policy manual was issued (approximately 2007/2008), nor was it able to provide interim VR agency policy directives or guidance issued to staff in the absence of policies, that align with WIOA amendments to the Rehabilitation Act. As such, DDRS's policies implemented at the time of the review were not in full compliance with statutory and regulatory requirements. DDRS had not issued any policies, procedures or internal controls specific to the reporting of performance accountability measures, including MSG and credential attainment. Rather, DDRS reported implementing policy directives and technical assistance circulars issued by RSA and the Workforce Innovation and Technical Assistance Center (WINTAC) MSG and credential attainment guides for State VR agencies as agency policy.

RSA clarified that Federal legislation, regulations and sub-regulatory guidance issued by RSA should be used to aid DDRS in its development of agency policies and procedures as required in 34 C.F.R. § 361.50. RSA reviewed draft policies specific to VR services, including pre-employment transition services and supported employment services and provided technical assistance to DDRS during the off-site review. VR agency policies are further described in Section D of this focus area.

DDRS did not report performance data until PY 2019, after intensive on-site technical assistance from the RSA-funded WINTAC. At that time, DDRS and the WINTAC began developing a process guide for coding and reporting data on the RSA-911, which had not been finalized at the time of the off-site review. DDRS communicated that it did not finalize the draft process guide for coding and reporting data on the RSA-911, rather it used and continues to use the RSA Reporting Manual for the Case Service Report (RSA-911) and PD-19-03 (issued July 1, 2020). As a result, DDRS does not have any written policies, processes or internal controls governing the coding and reporting of VR services that were purchased or provided by the VR agency and through comparable benefits. The lack of policies, procedures and internal controls specific to reporting performance data has impeded the DDRS's ability to accurately code, track and report VR services and evaluate its performance data and determine areas for improvement.

The agency reported that it is pursuing the procurement of a case management system to aid in its ability to accurately code, track and report data. At the time of the review, DDRS was manually tracking and reporting performance data using MS Excel and SharePoint applications. Additionally, counselors have developed their own systems and checklists to aid in the movement of cases throughout the VR process. Using varying methods across VR field offices increases the probability of errors, case management delays, and inconsistencies across the field offices.

Another factor influencing performance is the lack of a fully constituted SRC. During the review, it was verbally communicated to RSA by DDRS and SRC that only four of the 15 SRC members, as required by 34 C.F.R. § 361.17(b), were serving on the SRC; however, it was later reported that all but six of the required members had been appointed to the SRC. During the review, DDRS and the SRC did not submit documentation of term appointments and RSA was unable to confirm the terms of appointment, or whether individuals were serving in their first or second terms. The VR agency and SRC communicated that the SRC was unable to meet (in-person or remotely) since March 2021, due to the COVID-19 pandemic. As such, the SRC was not able to complete any of its required functions in 34 C.F.R. § 361.17(h). Specifically, the SRC was not able to review, analyze or advise the VR agency on eligibility, State goals and priorities, policy development or the evaluation of the effectiveness of VR program performance. Furthermore, the VR agency is required to jointly conduct a comprehensive statewide assessment with the SRC every three years pursuant to 34 C.F.R. § 361.29(a)(i), and the last comprehensive statewide needs assessment was conducted in 2014. The lack of a fully constituted SRC has negatively impacted the VR agency's ability to comply with the statutory and regulatory provisions, including the requirements of its PY 2020 Unified State plan.

At the time of the review, there were only two providers who provided assessments and one CRP that provided supported employment services and was in the process of developing programming to provide pre-employment transition services to students with disabilities. In the interim, pre-employment transition services were provided by VR agency vendors who were public school teachers throughout PYs 2017, 2018, and 2019. In PYs 2017 and 2018, DDRS also provided two six-week agricultural trainings/work-based learning experiences through an additional vendor. During the review, the agency was in the process of developing a contract with the Virgin Islands University Center of Excellence in Developmental Disabilities (VIUCEDD) to provide pre-employment transition services. RSA reviewed and provided technical assistance on the draft contract further described in Section C of this focus area.

Finally, the multiple levels of approvals necessary to procure VR services has substantially affected the provision of timely VR services.

### **Use of Data to Inform Performance and Management**

RSA was not able to determine if or how the agency used data to improve performance as DDRS failed to report data in PYs 2017 and 2018, and the VR agency did not submit documentation to substantiate a specific method used to assess, evaluate and improve performance. DDRS began using the data dashboards provided by RSA in PY 2020 to identify reporting inaccuracies, anomalies, and performance areas in need of improvement.

RSA and DDRS discussed using performance data to facilitate timely case management, including the processing of referrals, applications, documentation requests, eligibility determinations and IPE development. For example, DDRS could track those individuals in application status, and review service records to determine whether or not disability-related documentation requests were sent within a specific number of days and if assessments need to be purchased. The VR agency may also consider establishing eligibility determination and IPE development and extension deadlines prior to the Federally mandated timelines for eligibility determination and IPE development. DDRS may use performance data to ensure that at least 90 percent, if not 100 percent, of all eligibility determinations and IPEs are developed within the Federal timeframe.

RSA and DDRS discussed the use of performance data to evaluate staff understanding and implementation of agency policies, and to identify the need for staff training, the clarification of agency policies, or development of written policies, procedures and internal controls. In the absence of DDRS policies specific to performance accountability measures, including measurable skill gains, credential attainment, and post-school outcomes, the review tables and off-site review sessions substantiated that DDRS staff did not have an understanding of how to code, track, and report performance accountability measures in PYs 2017 and 2018; and in PY 2019, DDRS staff continued to struggle with how to report MSG and credential attainment. DDRS and RSA discussed reviewing specific data elements to ensure that all individuals eligible to be counted in the calculation for MSG are included. For example, DDRS could review data element 85 and the service records for students with disabilities to ensure that the high school enrollment date is reported. If enrollment in an educational program took place prior to the individual's IPE and the IPE includes achieving a secondary diploma, then the enrollment date would be the IPE date. Performance data may also be coupled with a monthly checklist to verify whether information entered in the software system is also substantiated by documentation in the service record.

In addition, the lack of policies specific to the provision of pre-employment transition services to potentially eligible students with disabilities directly affected DDRS's ability to provide pre-employment transition services to potentially eligible students, as none received pre-employment transition services in PYs 2017 through 2019. RSA encouraged DDRS to evaluate whether the review tables reflect all pre-employment transition services purchased and provided directly by DDRS staff, as well as VR services purchased, directly provided by DDRS and provided through comparable benefits. Such an analysis may assist DDRS in determining whether DDRS staff are appropriately coding, tracking, and reporting not only purchased VR and pre-employment

transition services, but also agency provided VR and pre-employment transition services, and those VR services provided through comparable benefits.

DDRS also could use performance data to evaluate cases closed from the VR service delivery system without employment, including reasons for exit to determine if there are additional strategies that can be implemented to improve client engagement and decrease attrition.

After DDRS develops policies specific to acceptable types of verification of employment, as noted in RSA-TAC-19-01, it may use performance data to identify cases in employment status for review. DDRS can then assess staff understanding of required documentation through a service record review.

In the absence of a case management system all data is coded, tracked and reported manually. RSA and DDRS discussed using RSA-911 dashboards that are issued quarterly and include individuals who have exited with employment. DDRS then could assess the services provided and whether they led to the achievement of the employment outcome, as well as whether employment is maintained for second and fourth quarters after exit. DDRS will need to verify those individuals exiting the VR system and whether they are participants, as performance measures will need to be reported for specific reasons for exit (codes 13, 14, 16, 17, 18 and 19).

### **Internal Controls and Policies**

The RSA review team assessed program management and performance in relation to the internal control requirements in 2 C.F.R. § 200.303. Internal controls mean a process, implemented by a non-Federal entity, designed to provide reasonable assurances regarding the achievement of objectives in the effectiveness and efficiency of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations. Internal controls are established and implemented as a measure of checks and balances to ensure proper expenditures of funds. Internal controls serve to safeguard assets and prevent fraud, waste, abuse, and mismanagement. They include methods and procedures the grantee uses to manage the day-to-day operations of grant-supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved.

The VR agency is required to maintain verifying documentation in an individual's service record, particularly regarding eligibility determination, IPE development, services provided, and case closure. In accordance with joint policy guidance outlined in [RSA-TAC 19-01](#), VR agencies are required to maintain supporting documentation for several RSA-911 data elements used to calculate the WIOA performance indicators. In addition, VR agencies must maintain supplemental wage information for some participants, as outlined in the joint policy guidance in [RSA-TAC-17-04](#). The use of an electronic case management system does not remove the requirement for the agency to maintain either hard copies or scanned copies of required supporting documentation in the individual's service record.

In preparation for, and during the review, RSA staff reviewed DDRS documentation submitted as its internal controls. Specifically, RSA requested documentation from DDRS that outlines its policies and procedures related to case service records and case service records review, reporting on the RSA-911, and its internal control processes (e.g., case management system internal

controls). The agency clarified that it does not have a formalized quality assurance process or unit. Rather, two district managers conduct reviews on a monthly basis using a case review checklist and review guide to ensure the timely determination of eligibility, IPE development, and the presence of supporting documentation in the case service record. The number of cases reviewed for timeliness vary, and targeted reviews are conducted on a quarterly basis based on the status of the case. DDRS managers communicated that they review MSG, credential attainment and develop a monthly report to track timeliness. RSA was not able to verify how DDRS reviews IPE development, MSG, credential attainment, case closure or required supporting documentation, as the checklist submitted only includes a review of eligibility determination and RSA did not receive a copy of the case review guide during the review. There appears to be a process in practice followed by the managers and counselors; however, there is not a written case review or quality assurance process. RSA and DDRS discussed the need to develop a case review or quality assurance process that is also informed by an analysis of performance data and identification of areas in need of improvement. Once case reviews are complete, a quality assurance report should be submitted to the DDRS administrator to consider quality improvement for areas identified during the case service record review. Supervisors should also keep records of requested corrective actions to inform performance evaluations and determine whether additional training is needed or if counselor performance has improved.

VR counselors are assessed on their performance within the “guidelines of the DDRS VR program,” including policy implementation and timely service provision. During the monthly case reviews, managers discuss any concerns identified with individual counselors, and if systemic issues are identified, managers recommend staff training to the VR administrator. RSA recommended that staff evaluations also include performance regarding timely eligibility determinations and IPE development; accurate documentation and reporting of MSG, credential attainment, and employment outcomes; and adherence to and implementation of policies, including those related to service planning and provision, case management practices, case file documentation, and other critical components of the VR service process. RSA recommended that DDRS include MSG and credential attainment information in its case reviews to monitor VR counselor performance with respect to performance accountability measures.

### **C. Technical Assistance and Recommendations**

RSA provided technical assistance to DDRS in response to areas identified during the review process and in response to specific technical assistance needs identified by the VR agency. Technical assistance and recommendations provided by RSA are intended to assist DDRS to achieve continuous improvement in performance. RSA is available to provide follow-up technical assistance and has referred the VR agency to the RSA VR Technical Assistance Centers on Quality Management and Quality Employment, as well as the National Technical Assistance Center on Transition: Collaborative (NTACT:C).

### **Internal Controls**

- RSA discussed the importance of staff training and issuance of policy directives or appropriate agency guidance to ensure that services are accurately coded, tracked, and reported at the time of service provision. DDRS reported that the two district managers meet with their staff on a monthly basis to review eligibility and IPE timelines and

address any service delays or challenges. RSA provided DDRS with its case review instrument (used during RSA's PY 2019 monitoring reviews), to assist the agency with improving its case review guide (issued October 1, 2006) that only included a review of the service record through eligibility determination.

### **MSG and Credential Attainment**

- RSA provided DDRS staff with technical assistance and training sessions specific to defining and reporting MSG and credential attainment, and performance accountability measures, including employment rate (second and fourth quarters after exit) and median earnings (second quarter after exit). RSA continued to provide technical assistance to DDRS during its third and fourth quarter RSA-911 submissions.
- RSA clarified required supporting documentation for MSG types, including pre- and post-test information, or school credit for educational functional levels (EFL).

### **Data Sharing Agreement**

- RSA provided technical assistance to DDRS with respect to developing a data sharing agreement for UI wage record data exchange. RSA connected DDRS to another State VR agency (Maryland Division of Rehabilitation Services (DORS)) to discuss a process for developing and implementing a data sharing agreement for the exchange of UI wage record information.
- RSA provided technical assistance resources to DDRS for it to schedule training specific to the designation of a VR agency as an Access Performance Accountability and Customer Information Agency (PACIA), how a VR agency may query the SWIS for inter-State UI wage data for VR program participants (with open and closed cases), in accordance with State agreements between VR agencies and State Unemployment Insurance Agencies.

### **Customized Employment**

- RSA referred DDRS to the Director of Business Relations at the Council of State Administrators of Vocational Rehabilitation (CSAVR) to discuss how other VR agencies are developing partnerships and trainings specific to customized employment and apprenticeships, and creating positions similar to CSAVR's National Employment Team (NET) point of contact/business services representative. Such representatives interface with businesses, the State VR system and its partners to develop employment opportunities.

### **Pre-Employment Transition Services**

- RSA and DDRS discussed the importance of the capability to collect, track and report the codes and costs for pre-employment transition services, as well as services purchased and provided directly by DDRS staff, to students who are potentially eligible and eligible for VR services. RSA provided an example of another State VR agency's pre-employment transition services-related policies specific to tracking and reporting services and staff time to DDRS to inform its draft pre-employment transition services-related policies.

- RSA provided technical assistance and feedback to DDRS and requested that policies clarify that individuals who meet the definition of a “student with a disability” may receive pre-employment transition services regardless of whether or not they have applied for VR services.
- RSA clarified that stipends should only be provided for actual work-based learning experiences, and not for merely participating in the other four required activities pursuant to the preamble to the final VR regulations (81 FR 55629, 55694 (August 19, 2019)).
- RSA provided technical assistance on DDRS’ draft memorandum of understanding (MOU) between the Government of the Virgin Islands, Department of Property and Procurement, DDRS and the Virgin Islands University Center of Excellence in Developmental Disabilities (VIUCEDD) for the provision of “counseling on enrollment opportunities” to students with disabilities, as pre-employment transition services. Specifically, RSA clarified that the scope of services is not clear and needs to be revised to state the pre-employment transition services that are to be provided through the MOU, as well as the population to be served. If this agreement is for the provision of pre-employment transition services, it must be limited to students with disabilities. RSA reiterated that the DDRS administrator has the sole authority and responsibility to expend funds made available under the Rehabilitation Act. In addition, there are non-delegable functions that cannot be transferred to another entity, including the allocation and expenditure of VR funds. DDRS will need to authorize services, approve authorizations, and verify the actual services provided for each student in receipt of services before payment of an invoice for actual and agreed upon services provided. DDRS must also provide administrative oversight of the services procured through the MOU.
- RSA clarified the need to establish rate setting methodology to ensure reasonable rates are used for the provision of pre-employment transition services. In addition, RSA clarified that if pre-employment transition services and VR services are purchased and provided through vendor agreements or contracts, the agency needs to be able to report services for each student in receipt of each pre-employment transition service and ensure that only those VR services provided under an IPE, in support of pre-employment transition services, are charged to the funds reserved for such services. All other VR services must be charged to a separate cost objective. Agreed upon rates of payment for services procured from a vendor should be in a vendor manual and service agreement.
- Invoices submitted for pre-employment transition services authorized by DDRS must include each student in receipt of each service provided. At the time of the review, invoices were not submitted for specific students, rather invoices were for hours billed for units of services (e.g., 10 hours or units of work-based learning provided to groups of students (e.g., 15-20 students and one teacher). DDRS reported cross-checking invoices with DDRS service authorizations, attendance records, career plans, and resumes.

### **Formal Interagency Agreement with the SEA**

- RSA provided technical assistance on DDRS’ draft SEA agreement and provided SEA agreement examples from other State VR agencies. RSA clarified that the SEA agreement is not an agreement or contract through which DDRS can procure pre-employment transition services, as it should include SEA, LEA and VR responsibilities, not rates of payment for services.

- RSA proposed revisions to the draft SEA agreement to address requirements in 34 C.F.R. § 361.22(b) that include the provision of pre-employment transition services to potentially eligible and eligible students, and suggested that DDRS revise the draft agreement to include—
  - How DDRS will participate in transition planning meetings to facilitate the development of the IEP (34 C.F.R. § 361.22(b)(2));
  - Responsibilities for the provision or coordination of pre-employment transition services and transition services (34 C.F.R. § 361.22(b)(3));
  - Procedures for the identification of students with disabilities in need of transition services and pre-employment transition services, and how students will be referred to DDRS (34 C.F.R. § 361.22(b)(4));
  - Documentation requirements in 34 C.F.R. part 397 with regard to students and youth with disabilities who are seeking subminimum wage employment (34 C.F.R. § 361.22(b)(5)); and
  - An assurance that in accordance with 34 C.F.R. § 397.31, that neither the SEA nor LEA will enter into a contract or other arrangement with an entity, as defined in 34 C.F.R. § 397.5(d), for the purpose of operating a program under which a youth with a disability is engaged in work compensated at a subminimum wage (34 C.F.R. § 361.22(b)(6)).

### **Joint WIOA Final Rule Implementation**

- DDRS is a single-state local workforce development area, and one umbrella MOU covers two one-stops and a satellite office in St. Croix, St. Thomas, and St. John, respectively. RSA clarified that infrastructure costs for one-stops should be based upon square footage, FTEs or participant counts, not an assigned percentages of core workforce partner’s respective grant awards, unless the cost was determined using a methodology (e.g., square footage) that equates to a specific percentage of the grant award.
- Although the most recent IFA reflects that DDRS is responsible for contributing \$14,623, or one percent of the total VR grant award, to infrastructure costs, DDRS did not contribute funds to any infrastructure costs in FFYs 2017, 2018, or 2019, due to the twin hurricanes and COVID-19. During the period of time under review, all partners contributed in-kind services.
- RSA provided technical assistance to DDRS and clarified that VR agency infrastructure and shared costs should be reasonable and proportionate to the benefit received by the VR program. RSA further clarified that if DDRS had contributed financially to infrastructure costs using the current methodology described in the IFAs signed by former Department of Human Services (DHS) Commissioner on July 10, 2017, and current DHS Commissioner on August 21, 2019, those expenditures would not have been allowable, and the technical assistance provided would have been reflected as a compliance finding.

**Recommendation:** DDRS must revise the 2019 IFA and draft all subsequent IFAs to reflect the methodology used to determine reasonable costs proportionate to the benefits received by core partners. IFAs entered into with funds awarded under a Federal grant must be procured in a manner that is consistent with pertinent laws, regulations, policy, etc. All costs must be reasonable, necessary, allowable and allocable to the VR program

in order to be paid from VR funds. IFAs must be monitored to ensure compliance with State and Federal requirements.

- RSA clarified that the designated State unit (DSU) (i.e., VR agency director) must represent the VR agency as a core partner on the State Workforce Development Board (SWDB) and sign the MOU and IFA.

#### **D. Findings and Corrective Actions**

RSA's review of the performance of DDRS in this focus area resulted in the identification of the following findings and the corresponding corrective actions to improve performance.

##### **2.1 Non-Compliant or Absent Written Policies and Procedures Governing the Provision of VR Services, including Pre-Employment Transition Services and Supported Employment Services**

**Issue:** Does DDRS have written policies and procedures for the timely processing of referrals, eligibility determination and IPE development, tracking and reporting MSG and credential attainment, rate setting methodology, and the provision of VR services, including pre-employment transition services and supported employment services, that comply with the statutory requirements in the Rehabilitation Act, as amended by Title IV of WIOA, and implementing regulations in 2 C.F.R. Part 200 and 34 C.F.R. Parts 361, 363 and 397, including 34 C.F.R. § 361.50.

**Requirements:** VR agencies must, in accordance with 34 C.F.R. § 361.41(a), establish and implement standards for the prompt and equitable handling of referrals of individuals for VR services, including referrals of individuals made through the one-stop service delivery systems under Section 121 of WIOA. The standards must include timelines for making good faith efforts to inform these individuals of application requirements and to gather information necessary to initiate an assessment for determining eligibility and priority for services. Further, once an individual has submitted an application for VR services, including applications made through common intake procedures in one-stop centers under Section 121 of WIOA, an eligibility determination must be made within 60 days (34 C.F.R. § 361.41(b)(1)), unless specific circumstances prohibit this in accordance with 34 C.F.R. § 361.41(b)(1)(I) and (ii). In fulfilling these requirements, the VR agency records the date it receives the application for VR services from the individual. Federal regulations in 34 C.F.R. § 361.45(e) outline the requirements for the development of the IPE within 90 days from the date of eligibility determination, and 34 C.F.R. § 361.46 outline the mandatory content of the IPE.

VR program regulations in 34 C.F.R. § 361.50 require that VR agencies develop and maintain written policies covering the nature and scope and the rates of payment of each of the VR services specified in Section 103(a) of the Rehabilitation Act and 34 C.F.R. § 361.48, including: "pre-employment transition services" as defined in Section 7(30) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(42), and described in Section 113 of the Rehabilitation Act and 34 C.F.R. § 361.48(a); and supported employment services defined in Section 7(39) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(54), and described in Section 103(a)(16) of the Rehabilitation Act and 34 C.F.R. § 361.48(b)(13), as well as Sections 602 through 608 of the Rehabilitation Act and 34

C.F.R. part 363. In addition, written policies must also address the requirements in Section 511 of the Rehabilitation Act and 34 C.F.R. part 397.

Pursuant to the Federal regulations, written policies must ensure that the provision of VR services are based on the rehabilitation needs of each eligible individual with a disability, and that pre-employment transition services are based on the rehabilitation needs of each student with a disability who is potentially eligible or eligible for VR services. The provision of VR services to VR eligible individuals, including pre-employment transition services to students with disabilities, should be provided as identified in the IPE, and consistent with the individual's informed choice.

**Analysis:** As previously discussed in Section B of this focus area, RSA reviewed DDRS' policy and procedure manual (issued in approximately FFY 2007 or 2008, prior to the tenure of the current administrator and the WIOA amendments), and the draft policy and procedure manual (in draft status since FFY 2016), including draft pre-employment transition services and supported employment policies. At the time of the review, DDRS did not have a timeline for finalizing draft policies; however, it conveyed that it would do so in the coming months using RSA's feedback and technical assistance provided during the review. As a result, the executed policies used by staff were not in compliance with the statutory requirements of the Rehabilitation Act, as amended by WIOA. RSA informed DDRS that the policy and procedure manual must be updated to align and comply with the requirements in the Rehabilitation Act, as amended by WIOA, including the implementing regulations in 34 C.F.R. Parts 361, 363 and 397.

### **Untimely Eligibility Determination**

Section C-4 of DDRS's policy and procedure manual requires that eligibility be determined within 60 days from the date of application unless the consumer and counselor mutually agree on a specific extension of time due to circumstances beyond their control. Although 69 individuals were determined eligible in PY 2019, 54 individuals (78.3 percent) were determined eligible for VR services within the required 60-day timeframe or with extensions from the date of application (Table 1), while 15 individuals (21.7 percent) were not determined eligible timely within the Federally mandated requirements. As such, DDRS did not substantially meet the Federally mandated requirements for eligibility determination or DDRS policies.

Under 34 C.F.R. § 361.41(b)(1), eligibility determinations are to be made for individuals who have submitted an application for VR services, including applications made through standard intake procedures in one-stop centers under Section 121 of WIOA, within 60 days, unless there are exceptional and unforeseen circumstances beyond the control of the DSU and the individual and DSU agree to a specific extension of time or an exploration of the individual's abilities, capabilities, and capacity to perform in work situations is carried out in accordance with 34 C.F.R. § 361.42(e). In PY 2019, 23 individuals with disabilities (33.3 percent) were determined eligible with extensions due to the lack of supporting documentation of a disability and the required approval of DDRS' budget and expenditures by a third party fiduciary as required by the special conditions imposed on all grant awards through the U.S. Department of Education. DDRS' budget and expenditures are overseen by a third party fiduciary, as well as the DSA's commissioner and assistant commissioner. Individuals who do not have documentation of a disability may receive necessary assessments through DDRS, once the funds are approved for

use. RSA and DDRS discussed revising policies and the caseload review guide to require that eligibility extensions be completed prior to 60 days from the date of application, if there are exceptional and unforeseen circumstances beyond the control of the DSU that preclude making an eligibility determination within 60 days, and the DSU and the individual agree to a specific extension of time.

DDRS was not in compliance with Section 102(a)(6) of the Rehabilitation Act and 34 C.F.R. § 361.41(b)(1) because DDRS did not make eligibility determinations within the required 60-day period from application in PY 2019. Thus, the delivery of VR services essential to the achievement of employment was delayed for each individual whose eligibility was not determined in a timely manner during this period. Without performance data or supporting documentation, RSA was not able to verify whether eligibility determinations were made in a timely manner during PYs 2017 and 2018. The development and implementation of written processes for the determination of eligibility in accordance with the Federal requirements will help to avoid any unnecessary delays in this process.

### **Lack of Federal IPE Standard in Policies and Untimely IPE Development**

Section C-2 of DDRS's policy and procedure manual requires that, "the IPE be developed as soon as possible, but the time should not exceed 90 days after the consumer's case is activated from an Order of Selection (OOS) unless an extension has been agreed on by the consumer and the counselor." DDRS is not currently implementing an OOS. Additionally, there is no policy that requires an IPE to be developed 90-days from the date of eligibility determination, and prior to exit from high school if the individual is a student. The lack of policies has affected the agency's ability to comply with the Federally required timeframe for IPE development. Specifically, DDRS reported that it developed 81.7 percent of all IPEs within 90 days from eligibility determination in PY 2019; however, 18.3 percent of IPEs were not developed within 90 days from eligibility determination, and RSA was not able to determine the percentage of timely IPEs developed in PYs 2017 and 2018 due to the VR agency not reporting performance data during those years.

In accordance with 34 C.F.R. § 361.45(a), the VR services portion of the Unified or Combined State plan must assure that an IPE meeting the requirements of Section 101(a)(9)(A) and 34 C.F.R. § 361.46 is developed and implemented in a timely manner for each individual determined to be eligible for VR services, or if the DSU is operating under an order of selection pursuant to 34 C.F.R. § 361.36, for each eligible individual to whom the State unit is able to provide services, and services will be provided in accordance with the provisions of the IPE.

Also, under 34 C.F.R. § 361.45(e), the IPE must be developed as soon as possible, but no later than 90 days after the date of eligibility determination, unless the State unit and the eligible individual agree to an extension of that deadline to a specific date by which the IPE must be completed. Pursuant to 34 C.F.R. § 361.22(a)(2), an IPE must be developed as early as possible during the transition planning process, and not later than the time a student with a disability leaves the school setting. As the performance data demonstrate, DDRS did not develop IPEs in a timely manner pursuant to 34 C.F.R. § 361.45(a)(1) and within the 90-day period pursuant to 34 C.F.R. § 361.45(e). As with the delay in the determination of eligibility, the untimely development of IPEs further delayed the delivery of needed VR services for each individual

whose IPE was not developed in a timely manner. Written policies and procedures will help to ensure such delays do not occur.

### **Lack of Policies Specific to MSG, Credential Attainment and Post-Exit Measures**

At the time of the review, DDRS did not have written policies or procedures specific to the requirements for reporting performance accountability measures, including MSG and credential attainment, for individuals with disabilities as required in 34 C.F.R. § 361.50, rather it used the MSG and credential attainment-related technical assistance issued by the WINTAC. RSA clarified that DDRS must develop policies specific to measurable skill gains, credential attainment and post-exit measures, and the required supporting documentation to be collected during each stage of the VR process (34 C.F.R. § 361.47). As a result of not having policies and procedures specific to the tracking and reporting of MSG and credential attainment, DDRS did not report an MSG rate in PYs 2017, 2018, or 2019, although 5.36 percent of the 317 participants served in PY 2019 were eligible to earn a MSG. The VR agency did not report a credential attainment rate during PYs 2017 through PY 2019. DDRS communicated that its staff did not understand how to define or report MSG or credential attainment until it received technical assistance from the WINTAC and RSA.

DDRS did not report employment rate or median earnings in the second quarter after exit for PYs 2017 or 2018, which affected DDRS' ability to report the employment rate in the fourth quarter after exit in PY 2019. DDRS was not able to communicate a process as to how it verifies whether individuals who exited in PY 2018 met the definition of a participant under WIOA, and if they should be reported in post-exit measures.

Lack of written policies and procedures and a case management system contributed to DDRS not reporting MSG and credential attainment in PYs 2017 through 2019 and will continue to negatively affect DDRS' ability to report on post-exit measures in PYs 2020 and 2021. RSA advised DDRS that the policy and procedures manual and the case review form need to include the reporting and case documentation requirements for MSG, credential attainment and post-exit measures.

### **No Policy Governing Rates of Payment for Pre-Employment Transition Services Purchased through Vendor Agreements**

During the off-site review discussions with the management team, RSA confirmed that DDRS did not have written policies governing the rate-setting methodology used to assign costs for pre-employment transition services purchased through vendors. Rather, public school teachers complete a DDRS vendor application form to provide pre-employment transition services to students after school, and the hourly rate paid by DDRS is based upon the hourly rate paid to public school teachers. As such, the rates of payment vary by vendor based on the teacher's public school salary. However, the vendor application form is not a written formal agreement, and it does not include the scope of services to be provided or the agreed upon rate of payment for purchased services. As such, RSA was not able to determine whether the rates of payment for pre-employment transition services were reasonable, necessary, or consistent with Uniform Guidance. In the absence of policies and a rate setting methodology, DDRS cannot ensure that

vendor costs or expenditures meet any agency policy standards or that they are reasonable in accordance with Uniform Guidance.

DDRS communicated that it also paid each student a stipend for their participation in pre-employment transition services. RSA clarified that stipends should only be provided for actual work-based learning experiences, and not for merely participating in the other four required activities pursuant to the preamble to the final VR regulations (81 FR 55629, (August 19, 2019)). At the time of the review, RSA discovered and DDRS verified that invoices submitted for services rendered did not include a list of names or identification numbers for students served, only the number of students in receipt of a type of service for that billing cycle (“10 students received a work-based learning experience (WBLE)”). Although DDRS reported that it is able to verify the students served by reviewing the number of students pre-authorized to receive services that week or month through its purchase orders, RSA recommended that invoices include the type and units of service received by each individual authorized by DDRS to receive such services.

RSA also reviewed two \$10,000 vendor agreements (executed in FFY 2017 (\$1,000 per person, with no stipulation on number to be served), and FFY 2018 (\$12,000 for up to 12 students) to provide agricultural training to transitioning youth over a six week period. There was no mention of students with disabilities, or pre-employment transition services in the contracts, although DDRS verbally clarified that it provided stipends to youth between the ages of 16-21 who participated in work-based learning experiences through the agricultural training and all program costs were charged to the funds reserved for the provision of pre-employment transition services. RSA clarified that the vendor application should be a formal written agreement that includes the scope of services for which the teacher/vendor is being approved to provide, the rate to be paid per unit of service or hour, and the population to be served. RSA clarified that pre-employment transition services may only be provided to students with disabilities, not youth with disabilities.

Federal regulations require DDRS to establish procedures that enable it to administer the VR program in an efficient manner to ensure it can carry out all VR functions properly (34 C.F.R. § 361.12). Furthermore, Uniform Guidance at 2 C.F.R. § 200.303(b) requires DDRS to establish internal controls that ensure the agency complies with all Federal requirements discussed further under Finding 2.2. DDRS also must establish and maintain written policies that govern the rates of payment for all purchased VR services (34 C.F.R. § 361.50(c)(1)). The Federal cost principles require that costs be allowable, reasonable, and allocable to the program (2 C.F.R. §§ 200.403 through 200.405). To be allocable to a program, the cost must be relative to the benefit received (2 C.F.R. § 200.405(a)). Without written policies that sufficiently govern the rate-setting methodology DDRS uses to assign costs for purchased VR services, or clear guidelines to determine authorized rates of payment for pre-employment transition services, DDRS cannot ensure that all expenditures incurred for the provision of purchased pre-employment transition services are allowable, reasonable, and allocable to the VR program. Therefore, DDRS cannot assure that it is administering the VR program in a proper and efficient manner and ensuring financial accountability. For these reasons, DDRS has not complied with the administration and internal control requirements set forth in 34 C.F.R. § 361.12 and 2 C.F.R. § 200.303(b), respectively.

## **Lack of Pre-Employment Transition Services Policies**

During the review, DDRS communicated that it had not developed the policies, procedures, or internal controls necessary to track and report the provision of pre-employment transition services, or the direct staff time spent on the arrangement or provision of required pre-employment transition services or pre-employment transition coordination activities, as required by Section 101(a)(10) (C) of the Rehabilitation Act and 34 C.F.R. § 361.40.

RSA reviewed and provided feedback on DDRS's draft pre-employment transition services policies, and communicated those policies related to the provision of pre-employment transition services to students with disabilities should be included in the policy and procedure manual services section, not as an attachment or appendix. Specifically, DDRS must align its definitions of "pre-employment transition services," "student with a disability," and "youth with a disability," and the nature and scope of pre-employment transition services with Sections 7(30), (37), (42), and 113 of the Rehabilitation Act, as amended by WIOA, and its implementing regulations (34 C.F.R. §§ 361.5(c)(42), (51) and (58), and 361.48(a)(2)), respectively. DDRS must also remove references to youth with disabilities from pre-employment transition services policies; and include the student age-range for the receipt of pre-employment transition services, processes for documenting and reporting the provision of pre-employment transition services (direct and purchased) across case types, and staff time. Finally, RSA advised that DDRS must revise its policies to include that students in receipt of pre-employment transition services at the time of assignment to order of selection priority category waiting lists, may continue to receive pre-employment transition services while assigned to a waiting list pursuant to 34 C.F.R. § 361.36(e)(3)(i).

## **Non-Compliant Supported Employment Policies**

With respect to DDRS' current and draft policies related to the Supported Employment program and supported employment services, RSA communicated that DDRS' policies must be revised to align with the statutory and regulatory requirements in Sections 7(38) and (39), 103(a)(16), and 602 through 608 of the Rehabilitation Act, as amended by WIOA, and implementing regulations in 34 C.F.R. parts 361 and 363. In addition, DDRS needs to include supported employment as a status in its policy discussion of service delivery statuses; and clarify that supported employment services are provided after a participant becomes employed. In addition, VR agencies may only use Title VI funds for supported employment services following placement on a job, while VR program funds may be used prior to or following placement for individuals with a goal of supported employment. DDRS' current policies inaccurately state that supported employment services are available to adults with disabilities for 18 months, rather than to individuals with most significant disabilities, including youth with most significant disabilities, for a period of time not to exceed 24 months, unless under special circumstances the eligible individual and the rehabilitation counselor jointly agree to extend the time to achieve the employment outcome identified in the IPE. DDRS' current and draft policies do not reflect that extended services may be funded by DDRS and provided to youth with most significant disabilities for up to four years, or until the youth reaches the age of 25 and no longer meets the definition of a youth, whichever comes first. DDRS must revise its policies and this timeframe to align with 34 C.F.R. § 361.5(c)(19)(v) and (54)(iii). RSA also recommended that DDRS consider including the scenarios for the achievement of a supported employment outcome and closure of the service

record in Appendix H of the FFY 2018 RSA Monitoring and Technical Assistance Guide in the closure guidelines portion of DDRS' draft supported employment policy to assist staff with case service record closure determinations.

**Conclusion:** During the period of review (PYs 2017 through 2019), RSA determined that DDRS had not established written policies and procedures that met all of the requirements in Sections 7, 101(a)(9) and (10), 102(a)(6), 102(b), 103(a)(1) and (16), 113, and 602 through 608 of the Rehabilitation Act and 34 C.F.R. §§ 361.5(c), 361.12, 361.22(a)(2), 361.40, 361.41(b)(1), 361.45(a)(1) and (e), 361.46, 361.48(a) and (b)(13), 361.50; 2 C.F.R. § 200.403 through 405, and 200.303(b); and 34 C.F.R. part 363. In addition, DDRS had not implemented written policies and procedures governing the nature and scope and rates of payment for all VR services, including pre-employment transition services, in accordance with 34 C.F.R. § 361.50. As such, DDRS is not in compliance with requirements of relevant statutory and regulatory provisions.

**Corrective Actions 2.1:** RSA requires that DDRS—

- 2.1.1 Revise or develop, and submit for RSA review, DDRS policies which comply with the requirements specific to eligibility determination, eligibility determination extensions, IPE development, and IPE extensions, to include the Federal timeframes required for IPE development (within 90 days from the date of eligibility determination) in 34 C.F.R. §§ 361.41(b)(1) and (b)(1)(i), 361.22(a)(2) and 361.45(e);
- 2.1.2 Develop and submit for RSA review, policies specific to documenting and reporting MSG, credential attainment and post-exit measures, including required supporting documentation to be collected during each stage of the VR process (Sections 101(a)(6), (9), (14) and (20) and 102(a), (b) and (d) and 34 C.F.R. § 361.47) that comply with the reporting of required performance accountability provisions in Sections 101(a)(10)(A) and (F) and 116 of the Rehabilitation Act and 34 C.F.R. § 361.40, as well as 34 C.F.R. § 361.50(a);
- 2.1.3 Establish and maintain written policies that govern the rates of payment for all purchased VR services in accordance with 34 C.F.R. § 361.50(c)(1) that are allowable, reasonable, and allocable to the program (2 C.F.R. §§ 200.403 through 200.405), and relative to the benefit received (2 C.F.R. § 200.405(a)); and
- 2.1.4 Finalize and submit for RSA review all VR and Supported Employment program policies, including policies and procedures specific to the provision, tracking and reporting of pre-employment transition services, as well as staff time, to ensure compliance with the statutory requirements in Sections 7(30), (37), (38), (39) and (42), 101(a)(10)(C), 103(a)(16), 113, 511 and 602 through 608 of the Rehabilitation Act; and implementing regulations in 34 C.F.R. §§ 361.5(c)(42), (51), (53), (54) and (58), 361.40, 361.48(a) and (b)(13) and (18), 361.50; and 34 C.F.R. part 363.

**VR Agency Response:** VIDDRS has begun the process of updating vocational rehabilitation (VR) and supported employment (SE) program policies and procedures to meet the requirements as stipulated by the Rehabilitation Act, as well as WIOA. The finalized document will be forwarded for review and approval on or before March 31, 2022.

**RSA Response:** RSA appreciates the progress DDRS reports it is making with respect to updating VR and Supported Employment program policies. In addition, DDRS was asked to develop policies and procedures governing the rate of payment for all VR services, including pre-employment transition services. RSA maintains the finding that DDRS must establish written policies and procedures in accordance with statutory and regulatory requirements. During the course of the review, RSA provided technical assistance to DDRS with respect to tracking and reporting staff time spent providing pre-employment transition services, and also recommended that DDRS request technical assistance from the VRTAC-QM related to the tracking and reporting of staff time.

**VR Agency Request for Technical Assistance:** VIDDRS would benefit significantly from technical assistance and training specific to how to track and report staff time while providing pre-employment transition services and the implementation of service codes.

### **Finding 2.2 Insufficient Internal Controls for the Management of the Federal Award, Data Accuracy and Validity, and Supporting Documentation**

**Issue:** Did DDRS maintain effective internal control over the Federal award to provide reasonable assurance that DDRS was managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award in accordance with 2 C.F.R. § 200.303; and do DDRS' internal controls and policies ensure data accuracy and validity, and that case files adhere to the record of service requirements at 34 C.F.R. § 361.47. Specifically, in fulfilling these requirements, do the internal controls ensure that DDRS adheres to the requirements for processing eligibility determination in accordance with 34 C.F.R. § 361.42, the development of the IPE pursuant to 34 C.F.R. § 361.45, and the requirements for closing the record of services of an individual who has achieved an employment outcome pursuant to 34 C.F.R. § 361.56.

**Requirement:** A State VR agency must assure, in the VR services portion of the Unified or Combined State Plan, that it will employ methods of administration that ensure the proper and efficient administration of the VR program. 2 C.F.R. § 200.303 requires that VR agencies develop an internal controls process to provide a reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, and reliability of reporting for internal and external use; and that this process is established and implemented as a measure of checks and balances to ensure proper expenditures of funds, including the evaluation and monitoring of compliance with statutes, regulations and the terms and conditions of Federal awards.

Additionally, 2 C.F.R. § 200.303, among other things, requires a non-Federal entity to—

- Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and the Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);

- Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards;
- Evaluate and monitor the non-Federal entity's compliance with statutes, regulations, and the terms and conditions of Federal awards; and
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

An internal control deficiency would exist when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions to prevent or correct processes that might lead to non-compliance with Federal and State requirements.

Pursuant to 34 C.F.R. § 361.47(a), VR agencies must maintain for each applicant and eligible individual a record of services that includes, to the extent pertinent, documentation including, but not limited to, the individual's application for VR services, the individual's IPE, and information related to closing the service record of an individual who achieves an employment outcome. Furthermore, VR agencies, in consultation with the SRC, if the State has such a Council, must determine the type of documentation that the VR agency must maintain for each applicant and eligible individual in order to meet these requirements in accordance with 34 C.F.R. § 361.47(b).

Pursuant to 34 C.F.R. § 361.56, the service records for individuals who have achieved an employment outcome may only be closed if an employment outcome described in the individual's IPE in accordance with 34 C.F.R. § 361.46(a)(1) has been achieved and is consistent with an individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice; the employment outcome is maintained for an appropriate period of time, but not less than 90 days to ensure stability of the employment outcome and the individual no longer needs VR services; the outcome is considered to be satisfactory and agreed to by the qualified rehabilitation counselor employed by the DSU and the individual who must also agree that the individual is performing well in the employment; and the individual has been informed of post-employment services through appropriate modes of communication.

Under 34 C.F.R. § 361.47(a)(15), prior to closing a service record, VR agencies must maintain documentation verifying that the provisions of 34 C.F.R. § 361.56 have been satisfied. More specifically, under 34 C.F.R. § 361.47(a)(9), VR agencies must maintain documentation verifying that an individual who obtains employment is compensated at or above minimum wage and that the individual's wage and level of benefits are not less than that customarily paid by the employer for the same or similar work performed by individuals without disabilities.

**Analysis:** As part of the review process, RSA analyzed documentation submitted by DDRS as written internal controls, including its case review form and caseload review guide. During the course of the review, RSA identified the following areas where insufficient internal control processes need to be strengthened, and sufficient internal control processes need to be developed and implemented.

## **Insufficient Internal Control Policies**

DDRS uses a case review form and caseload review guide (issued October 1, 2006) to conduct monthly and quarterly case reviews. However, the review form and guide have not been revised to align with the revisions in the 2014 WIOA amendments to the Rehabilitation Act, including, but not limited to the removal of extended evaluation, the addition of the 90-day Federal standard for IPE development, MSG, credential attainment, and the new requirements for pre-employment transition services, as well as the Supported Employment program. Due to the lack of compliant written policies and procedures (addressed in Finding 2.1) and internal controls, DDRS does not have a process that allows for management or employees to prevent or correct processes that might lead to non-compliance with Federal and State requirements resulting in an internal control deficiency.

Section 116 of WIOA and the implementing joint regulations in 20 C.F.R. part 677 and 34 C.F.R. parts 361 and 463, RSA-TAC-17-01, Performance Accountability Guidance for WIOA Title I, Title II, Title III, and Title IV Core Programs (issued August 17, 2017) and RSA-911 MSG Reporting FAQs (issued August 2020), require the reporting of MSG, credential attainment, and post-exit measures. At the time of the review, the case review guide used did not include MSG or credential attainment verification or verification of supporting documentation, or the inclusion of post-exit measures and necessary supporting documentation. The case review guide will need to be revised to align with the statutory and regulatory provisions and include verification of the type of documentation required in 34 C.F.R. § 361.47(a). DDRS, in consultation with the SRC, must determine the type of documentation that the VR agency must maintain for each applicant and eligible individual in order to meet these requirements in accordance with 34 C.F.R. § 361.47(b).

The case review guide did not include the requirements for service record closure for those individuals who achieved an employment outcome in 34 C.F.R. § 361.56, including verification that the individual maintained employment for not less than 90 days to ensure stability of the employment outcome; and documentation indicating that the individual was made aware of the availability of post-employment services prior to exit. Under 34 C.F.R. § 361.47(a)(15), prior to closing a service record, VR agencies must maintain documentation verifying that an individual who obtains employment is compensated at or above minimum wage and that the individuals wage and level of benefits are not less than customarily paid by the employer for the same or similar work performed by individuals without disabilities.

DDRS managers reported conducting monthly and quarterly case reviews; however, there are no written internal controls that require a specific number or frequency of formal or targeted statewide case reviews to be conducted by DDRS' managers or central office. At the time of the review, RSA was unable to verify a process through which aggregate results of case reviews are used to identify areas in need of improvement or to inform staff training. Upon the identification of staff training needs, a process needs to be developed for how training will be provided, knowledge measured, and performance improvements evaluated. Written internal controls must include a process, including how DDRS will operationalize reviews and take necessary actions to inform staff training needs, increase knowledge, and improve performance. Additionally, internal controls should include who is responsible for monitoring and evaluating agency-established

performance standards (e.g., MSG, credential attainment, eligibility and IPE development standards, case closure and supporting documentation requirements).

As previously stated, the current policy and procedure manual (issued in approximately 2007/2008), is not in full compliance with the Rehabilitation Act, as amended by WIOA. As such, written procedures will need to be developed as part of a multi-level process to monitor the implementation of DDRS policies until such policies are compliant with the statutory and regulatory provisions. Written internal controls should include how expectations will be implemented consistently in each area and across the State. DDRS needs to implement a comprehensive system of internal controls with a monitoring component, to include case review policies and procedures, and case service record review instruments to be used for informal, formal, and targeted quality assurance reviews; and identify staff training needs. Based on discussions with DDRS management staff and documentation submitted by DDRS, RSA determined that DDRS did not maintain a comprehensive system of effective internal controls with a monitoring component or sufficient policies and procedures to ensure consistency with the application of Federal requirements in accordance with 2 C.F.R. § 200.303 during the period of time under review.

### **Data Integrity and Accurate Reporting of Services**

In accordance with 34 C.F.R. § 361.40(a), VR agencies are required to submit reports, including reports required under Sections 13, 14, and 101(a)(10) of the Rehabilitation Act in a manner that provides a complete count of the applicants and eligible individuals in receipt of services, including students with disabilities in receipt of pre-employment transition services, that complies with any requirements necessary to ensure the accuracy and verification of those reports. The RSA-911 is used to describe the performance of the VR and Supported Employment programs in the Annual Report to the Congress and the President, as required by Sections 13 and 101(a)(10) of the Rehabilitation Act.

During the period reviewed, DDRS had not implemented formal written data integrity and validation procedures as part of its internal controls to safeguard data integrity and promote the timely resolution of data anomalies and inaccuracies, or to ensure accurate reporting of data collected through the RSA-911.

DDRS began reporting performance data in PY 2019, after an on-site technical assistance visit by the WINTAC, during which the agency and WINTAC began working on a process guide for coding and reporting data on the RSA-911. The VR agency currently uses the RSA-911 caseload review guide, but does not have any written policies, processes or internal controls governing the coding and reporting of VR services, which are purchased, provided by the VR agency, or obtained through comparable benefits. DDRS communicated that a district manager will run quarterly reports through the RSA-911 portal using RSA data checks and provide VR counselors with any errors that need to be corrected. The report is then resubmitted in the portal, until the reports are error free. During the period under review, DDRS did not, and currently does not, have a case management system; however, DDRS communicated that it is in the process of procuring a case management system. At the time of the review, all data elements were entered into excel spreadsheets and reported through a software system. There was not a mechanism in

place or written internal controls to verify information entered into the current software system to ensure the accuracy of data reported.

DDRS indicated the need to develop a process to ensure the accurate reporting of all relevant and necessary data. RSA discussed the importance of staff training and issuance of policy directives or appropriate agency guidance to ensure that services are accurately coded, tracked, and reported at the time of service provision. DDRS reported that the two district managers meet with their staff on a monthly basis to review eligibility and IPE timeliness and address any service delays or challenges. Only through the proper tracking and reporting of data can DDRS make well-informed decisions about VR program management and service delivery based on accurate and valid data. The lack of written data verification procedures prevented DDRS from verifying that all training, career, and other services (purchased and provided directly by DDRS staff) were coded at the time of service provision for participants in receipt of such services in accordance with the RSA-911 instructions. RSA and DDRS discussed the small percentages of reported training services (e.g., postsecondary education, on-the-job training, apprenticeships) and career services (e.g., assessments, job search and placement services, and supported employment services) provided to participants; missing data (MSGs and credential attainment); and anomalies, including reporting of individuals exiting from the VR system due to being institutionalized, that should have been identified and corrected in order to ensure the validity and reliability of data reported.

As DDRS procures and develops a case management system, RSA and DDRS discussed the importance of a case management system that includes pre-employment transition services codes and costs, as well as services purchased and provided directly by DDRS staff, to students who are potentially eligible and eligible for VR services. The case management system should also include a function to report and track the provision of required activities for each staff person and student served, as well as staff hours reported for pre-employment transition coordination activities. VR counselors should have the ability to enter services provided and cost for each service (once verified by invoices) into the case management system for each student with a disability who is in receipt of pre-employment transition services. At the time of the review, the invoices received by DDRS from providers did not identify the students for whom pre-employment transition services were billed. Rather DDRS had to cross reference case service authorizations to determine who was referred for services received. Additional technical assistance is further described in Section C of this focus area.

### **Lack of UI Wage Record Sharing Agreement**

At the time of the review, DDRS was in the process of developing an agreement with the Virgin Islands DOL to share unemployment insurance (UI) wage record data. Without a data sharing agreement, DDRS was not able to obtain verification and documentation from Virgin Islands DOL to substantiate wages earned and employment records. Section 116(i)(2) of WIOA requires that States use quarterly wage records, consistent with State law, to measure progress on the common performance measures. DDRS is pursuing the procurement of a case management system developed by the same entity that built Virgin Islands DOL's case management system, so that both systems can interface in order to expedite the sharing of information. The lack of a UI wage record sharing agreement and written processes to exchange UI wage data has affected DDRS's ability to comply with the requirements in Section 116 of WIOA. RSA provided

technical assistance to DDRS with respect to developing a data sharing agreement for UI wage record summarized in Sections C of this focus area.

### **Coding, Tracking and Reporting Pre-Employment Transition Services**

During the review, DDRS communicated that it had not developed the policies, procedures, or internal controls necessary to track and report the provision of pre-employment transition services, or the direct staff time spent on the arrangement or provision of required pre-employment transition services or pre-employment transition coordination activities, as required by Section 101(a)(10) (C) and 34 C.F.R. § 361.40. Although one DDRS transition program assistant provides transition services to students attending four public high schools and five private high schools in the St. Thomas/St. John and St. Croix districts, in collaboration with the six DDRS VR counselors, DDRS reported that it did not have the capacity to directly provide, track, and report pre-employment transition services purchased or provided in-house by DDRS staff in PYs 2017 or 2018. In PY 2019, DDRS began tracking and reporting the five required activities under pre-employment transition services that were provided to students with disabilities by DDRS vendors who were also special education teachers.

Of the 334 students with disabilities reported by DDRS in PY 2019, 31.4 percent received a pre-employment transition service. It is important to note that all of the students in receipt of pre-employment transition services were applicants or eligible individuals for VR services, and no potentially eligible students were in receipt of pre-employment transition services during the same period of time. DDRS clarified that it does not require that students with disabilities apply for VR services to receive pre-employment transition services. At the time of the review, DDRS was drafting agency policies specific to the provision of pre-employment transition services. RSA provided technical assistance and feedback to DDRS and requested that policies clarify that individuals who meet the definition of a “student with a disability” may receive pre-employment transition services, regardless of whether or not they have applied for VR services. The greatest number of pre-employment transition services provided in PY 2019 included work-based learning experiences (117), job exploration counseling (108), and workplace readiness training (97). Because the agency did not report pre-employment transition services-related data during PYs 2017 and 2018, RSA was not able to assess performance over the three-year review period.

Lack of written data verification procedures and internal controls also inhibited DDRS’ ability to verify and accurately report the provision of pre-employment transition services provided to students with disabilities, including students who were potentially eligible for VR services. RSA and DDRS discussed the development of specific case types for students who are potentially eligible and eligible for VR services so that pre-employment transition services provided by VR counselors and purchased by DDRS can be captured and reported for both student populations.

It is imperative that DDRS develop written internal controls to ensure that staff are able to accurately track, and report staff time spent on the coordination and provision of pre-employment transition services and each pre-employment transition service provided to each potentially eligible and eligible student with a disability in receipt of such services in accordance with RSA-PD-16-04 and PD-19-03.

DDRS' internal control procedures to ensure the agency maintains an accurate record of services for all applicants and eligible individuals in accordance with 34 C.F.R. § 361.47(a) and 34 C.F.R. § 361.56 were inadequate and incomplete. Although DDRS uses a caseload review guide (issued October 1, 2006), to review cases from application through eligibility determination, it does not include a review of IPE development of extension timelines, supporting documentation for MSGs, credential attainment, or post-exit measures, or case closure requirements, including justification of case closure and documentation that the IPE contributed to the achievement of the employment outcome and verification of competitive integrated employment (e.g., wage and hour verification). DDRS did not provide RSA with a case review tool to assess compliance with requirements specific to the record of services, including necessary supporting documentation (34 C.F.R. § 361.47), or case closure (34 C.F.R. § 361.56) or requirements for documenting and reporting MSG, credential attainment or post-exit measures.

**Conclusion:** As described above, DDRS does not maintain effective internal controls over the Federal award that provide reasonable assurances that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award, as required by 34 C.F.R. §§ 361.3(a) and 361.12, and 2 C.F.R. § 200.303. In accordance with 34 C.F.R. § 361.12, DDRS must implement policies and procedures that ensure the proper and efficient administration of the VR program, including those necessary to carry out all functions for which the VR agency is responsible. DDRS must develop and implement policies and procedures to collect and verify data accuracy through the required supporting documentation. In addition, VR agencies must monitor and evaluate performance through the agency's internal controls in accordance with 2 C.F.R. § 200.303. Based on the review of DDRS' existing procedures, RSA determined that DDRS was not in compliance with the requirements in 34 C.F.R. §§ 361.12, 361.40, 361.47 or 2 C.F.R. § 200.303.

**Corrective Actions 2.2:** RSA requires that DDRS—

- 2.2.1 Develop written procedures and internal controls to ensure that eligibility and IPE determinations are developed timely within the Federal standards established for eligibility determination and IPE development in accordance with Sections 101(a)(9) and (11)(D), 102(b) and 103(a)(1) of the Rehabilitation Act and 34 C.F.R. §§ 361.22(a)(2) and 361.45(e);
- 2.2.2 Develop written internal controls to verify service record documentation required by 34 C.F.R. §§ 361.47(a) and 361.56, establish performance targets (e.g., MSG, credential attainment, eligibility determination, IPE development, case closure); and revise the case review guide to reflect supporting documentation requirements (e.g., MSG, credential attainment, post-exit measures, pre-employment transition services and supported employment services, case closure and employment verification);
- 2.2.3 Develop a case review instrument for conducting informal, formal and targeted case reviews and mechanisms to collect and aggregate data from case reviews to ensure that the provisions of 34 C.F.R. §§ 361.47 and 361.56 have been met and verified through service record documentation; and results are used to inform and conduct necessary staff training and staff evaluation;
- 2.2.4 Develop and implement formal written data integrity and validation procedures to safeguard data integrity, promote the timely resolution of data anomalies and inaccuracies, and ensure accurate reporting of data collected through the RSA-911 in

accordance with 34 C.F.R. § 361.40 and RSA PD-19-03, including accountability measures required by WIOA (e.g., MSGs, credential attainment and post-exit measures); and

- 2.2.5 Develop and implement written policies governing the nature and scope and rates of payment for purchased VR services, including pre-employment transition services, in accordance with 34 C.F.R. § 361.50, as well as processes to track and report VR services purchased and provided by DDRS, as well as staff time spent on the coordination and provision of pre-employment transition services.

**VR Agency Response:** VIDDRS continues to prioritize the update of the agency’s policy and procedures that will address majority of concerns relative to internal controls. Regular review of case records occurs to ensure accuracy and proper procedures are being followed as it pertains to eligibility determination, IPE development/amendments, authorization of services, skill gains, and case closure. The findings and recommendations are placed in the record for compliance purposes. VIDDRS has executed an agreement with the Virgin Islands Department of Labor to access UI Wage Data and is currently engaging VIDOL in partner meetings to ensure a seamless service delivery. VIDDRS has submitted a contract for approval and execution to procure an electronic case management system that will capture the required data for the RSA-911 case services report, aid in the review of eligibility determination, IPE development, timely authorizations, credential attainment and successful case closures. The case management system will allow the agency not only to safeguard the data and ensure accuracy, but also monitor performance measures.

**RSA Response:** RSA appreciates the actions taken by DDRS as it works to address this finding and respective corrective actions. The finding remains and as DDRS develops internal controls, RSA staff will be available to provide technical assistance specific to the statutory and regulatory requirements for policies and procedures to collect and verify data accuracy through the required supporting documentation, as well as internal controls to monitor and evaluate performance. During the review, RSA encouraged DDRS to request targeted technical assistance from the VRTAC-QM specific to rate setting methodology for the provision of VR services, including pre-employment transition services.

**VR Agency Request for Technical Assistance:** VIDDRS would like to formally request assistance with the development and implementation of a rate fee for pre-transition services and case review instrument that includes accountability measures outlined by the Workforce Innovation and Opportunity Act, (WIOA).

### **2.3 No State Educational Agency (SEA) Agreement with the Virgin Islands Department of Education (VI DOE)**

**Issue:** Does DDRS have an executed SEA agreement that complies with Section 101(a)(11)(D) of the Rehabilitation Act, as amended by Title IV of WIOA and 34 C.F.R. § 361.22(b).

**Requirements:** In accordance with Section 101(a)(11)(D) of the Rehabilitation Act, as amended, and 34 C.F.R. § 361.22(b), VR agencies are required to enter into formal interagency agreements with SEAs in order to facilitate the seamless transition of students with disabilities from the

receipt of educational services, including pre-employment transition services, in school to the receipt of vocational rehabilitation services.

Pursuant to Section 101(a)(11)(D) of the Rehabilitation Act, and 34 C.F.R. § 361.22(b), the formal interagency agreement must describe, at a minimum—

- Consultation and technical assistance to assist educational agencies in planning for the transition of students with disabilities from school to post-school activities, including pre-employment transition services and other VR services;
- Transition planning by State VR agency and school personnel for students with disabilities that facilitates development and implementation of their individualized education programs (IEP) under Section 614(d) of the Individuals with Disabilities Education Act (IDEA);
- The roles and responsibilities, including financial responsibilities of each agency;
- Procedures for outreach to and identification of students with disabilities who need transition services and pre-employment transition services;
- Coordination necessary to satisfy documentation requirements set forth in Section 511 of the Rehabilitation Act and 34 C.F.R. Part 397, with regard to students and youth with disabilities who are seeking subminimum wage employment; and
- An assurance that neither the SEA nor the LEA will enter into an agreement with an employer holding a Section 14(c) certificate under the Fair Labor Standards Act (FLSA) for the purpose of operating a program in which students or youth with disabilities are paid subminimum wage.

**Analysis:** At the time of the review, DDRS did not have an executed formal interagency agreement with the Virgin Islands Department of Education. The current DDRS administrator was not able to verify whether or not there was a formal interagency agreement prior to 2017 when she began her employment with the VR program. Therefore, DDRS is not in compliance with the minimum requirements of a formal interagency agreement with a SEA pursuant to Section 101(a)(11)(D) of the Rehabilitation Act, as amended by Title IV of WIOA (effective July 22, 2014), and 34 C.F.R. § 361.22(b) (effective September 19, 2016).

DDRS provided a draft formal interagency agreement to RSA for its review and feedback. RSA provided technical assistance on the requirements for formal interagency agreements further summarized in Section C of this focus area.

**Conclusion:** During the period of review, RSA determined that DDRS did not have an executed formal interagency agreement with the Virgin Islands Department of Education that met all of the requirements in Section 101(a)(11)(D) of the Rehabilitation Act and 34 C.F.R. § 361.22(b). As such, DDRS is not in compliance with Section 101(a)(11)(D) of the Rehabilitation Act or the regulations at 34 C.F.R. § 361.22(b).

**Corrective Action 2.3:** RSA requires that DDRS—

- 2.3.1 Submit a formal interagency agreement between DDRS and the Virgin Islands Department of Education for RSA’s review that is in compliance with the requirements in 34 C.F.R. §§ 361.22(a) and (b) and applicable requirements in 34 C.F.R. Part 397.

**VR Agency Response:** VIDDRS has taken corrective action to negotiate the terms of the updated agreement with the Department of Education to facilitate immediate execution. VIDDRS will continue to pursue the formal agreement and provide a copy to RSA upon execution.

**RSA Response:** As discussed during the review, the formal agreement with the State educational agency (SEA agreement) should not be a mechanism through which funds are transferred. RSA staff will be available to provide technical assistance to DDRS’ on the development of its SEA agreement, as needed.

**VR Agency Request for Technical Assistance:** VIDDRS is not requesting additional technical assistance at this time.

#### 2.4 Non-Compliant State Rehabilitation Council (SRC)

**Issue:** Does the Virgin Islands have an SRC that meets the composition requirements under Section 105 of the Rehabilitation Act, as amended by WIOA, and 34 C.F.R. § 361.17(b)(1) with members appointed by the Governor as required in 34 C.F.R. § 361.17(a)(1) to carry out the required functions in 34 C.F.R. § 361.17(h) in accordance with its assurance in the VR services portion of the Unified or Combined State Plan (34 C.F.R. § 361.16(a)(2)).

**Requirements:** In accordance with Section 105 of the Rehabilitation Act, as amended, and 34 C.F.R. § 361.17(b)(1), the SRC must be composed of at least 15 members, including—

- At least one representative of the Statewide Independent Living Council, who must be the chairperson or designee of the SILC;
- At least one representative of a parent training and information center established pursuant to Section 682(a) of the IDEA;
- At least one representative of the Client Assistance Program, who must be the director or individual recommended by the CAP;
- At least one qualified VR counselor who serves as an ex officio, non-voting member;
- At least one representative of community rehabilitation program service providers;
- Four representatives of business, industry and labor;
- Representatives of disability groups that includes a cross section of individuals with physical, cognitive, sensory and mental disabilities; and representatives of individuals with disabilities who have difficulty or are unable to represent themselves due to their disabilities;
- Current or former applicants for, or recipients of, VR services;
- At least one representative of directors of AIVRS projects, if in the State;
- At least one representative of the SEA responsible for the public education of students with disabilities who are eligible to receive services under IDEA;
- At least one representative of the State workforce development board; and

- The director of the DSU, as an ex officio, nonvoting member of the Council.

The members of the Council must be appointed by the Governor or, in the case of a State that, under State law, vests authority in the chief officer of an entity other than the Governor (such as one or more houses of the State legislature or an independent board) pursuant to 34 C.F.R. § 361.17(a).

The SRC must carry out the required functions in 34 C.F.R. § 361.17(h) in accordance with its assurance in the vocational rehabilitation services portion of the Unified or Combined State Plan (34 C.F.R. § 361.16(a)(2)).

Pursuant to 34 C.F.R. § 361.17(h) the Council must, after consulting with the State workforce development board—

- (1) Review, analyze, and advise the designated State unit regarding the performance of the State unit's responsibilities under this part, particularly responsibilities related to—
  - (i) Eligibility, including order of selection;
  - (ii) The extent, scope, and effectiveness of services provided; and
  - (iii) Functions performed by State agencies that affect or potentially affect the ability of individuals with disabilities in achieving employment outcomes under this part;
- (2) In partnership with the designated State unit—
  - (i) Develop, agree to, and review State goals and priorities in accordance with § 361.29(c); and
  - (ii) Evaluate the effectiveness of the vocational rehabilitation program and submit reports of progress to the Secretary in accordance with § 361.29(e);
- (3) Advise the designated State agency and the designated State unit regarding activities carried out under this part and assist in the preparation of the vocational rehabilitation services portion of the Unified or Combined State Plan and amendments to the plan, applications, reports, needs assessments, and evaluations required by this part;
- (4) To the extent feasible, conduct a review and analysis of the effectiveness of, and consumer satisfaction with—
  - (i) The functions performed by the designated State agency;
  - (ii) The vocational rehabilitation services provided by State agencies and other public and private entities responsible for providing vocational rehabilitation services to individuals with disabilities under the Act; and
  - (iii) The employment outcomes achieved by eligible individuals receiving services under this part, including the availability of health and other employment benefits in connection with those employment outcomes;
- (5) Prepare and submit to the Governor and to the Secretary no later than 90 days after the end of the Federal fiscal year an annual report on the status of vocational rehabilitation programs operated within the State and make the report available to the public through appropriate modes of communication;
- (6) To avoid duplication of efforts and enhance the number of individuals served, coordinate activities with the activities of other councils within the State, including the Statewide Independent Living Council established under chapter 1, title VII of the Act, the advisory panel established under section 612(a)(21) of the Individuals with Disabilities Education Act, the State Developmental Disabilities Planning Council described in section 124 of the Developmental Disabilities Assistance and Bill of Rights

Act, the State mental health planning council established under section 1914(a) of the Public Health Service Act, and the State workforce development board, and with the activities of entities carrying out programs under the Assistive Technology Act of 1998;

(7) Provide for coordination and the establishment of working relationships between the designated State agency and the Statewide Independent Living Council and centers for independent living within the State; and

(8) Perform other comparable functions, consistent with the purpose of this part, as the Council determines to be appropriate, that are comparable to the other functions performed by the Council.

Further, in accordance with the requirements in 34 C.F.R. § 361.16(a)(2), the SRC must provide an assurance that—

- (i) The State has established a State Rehabilitation Council (Council) that meets the requirements of § 361.17;
- (ii) The designated State unit, in accordance with § 361.29, jointly develops, agrees to, and reviews annually State goals and priorities and jointly submits to the Secretary annual reports of progress with the Council;
- (iii) The designated State unit regularly consults with the Council regarding the development, implementation, and revision of State policies and procedures of general applicability pertaining to the provision of vocational rehabilitation services;
- (iv) The designated State unit transmits to the Council—
  - (A) All plans, reports, and other information required under this part to be submitted to the Secretary;
  - (B) All policies and information on all practices and procedures of general applicability provided to or used by rehabilitation personnel providing vocational rehabilitation services under this part; and
  - (C) Copies of due process hearing decisions issued under this part and transmitted in a manner to ensure that the identity of the participants in the hearings is kept confidential; and
- (v) The vocational rehabilitation services portion of the Unified or Combined State Plan, and any revision to the vocational rehabilitation services portion of the Unified or Combined State Plan, includes a summary of input provided by the Council, including recommendations from the annual report of the Council, the review and analysis of consumer satisfaction described in § 361.17(h)(4), and other reports prepared by the Council, and the designated State unit's response to the input and recommendations, including its reasons for rejecting any input or recommendation of the Council.

**Analysis:** At the time of the review, DDRS did not have a fully constituted SRC. The following is a list of the vacant positions—

- One vacancy in the Statewide Independent Living Council category;
- One vacancy in the Parent Training and Information Center category;
- One vacancy in the Community Rehabilitation Program Service Providers;
- Two vacancies in the Business, Industry & Labor category; and
- One vacancy in the State Educational Agency category.

In addition to the vacancies above, DDRS was not able to verify dates individuals were appointed by the Governor, or whether the individuals were serving a first, second or expired three-year term. However, subsequent to the review DDRS provided the following information:

<b>Position</b>	<b>Date of Appointment by the Governor</b>	<b>Term (First or Second)</b>
Chairperson - Person with a Disability	June '2015	Second
Vice Chairperson - Business, Industry & Labor	2012	Third
Treasurer - Family Member, Guardians, etc. of Individuals with Disabilities	2013	Third
Secretary - Family Member, Guardian etc. of Individual with a Disability	2014	Third
Current/former VR Consumer		Resigned 2015
Family Member, Guardians of individuals with Disabilities (Individual with a disability)	2012	Third
Business Industry & Labor		Resigned 2017
Individual with a Disability	2011	Third
Client Assistance Program	2012	Not appointed
Client Assistance Program	2012	Not appointed
VR Administrator	2017	Not appointed
VR Program		Not appointed
VR Program		Not appointed
Investment Board Member		VACANT
Business Industry & Labor		VACANT
Special Education		VACANT
Parent Training & Information		VACANT
Department of Special Education		VACANT

\*Information provided on September 3, 2021

Based upon the information provided related to the composition, appointments, and terms of the SRC, DDRS is not in compliance with the requirements for a SRC pursuant to Section 105 of the Rehabilitation Act and 34 C.F.R. § 361.17(a), (b), (c), (e), and (f). Additionally, it is unclear whether the chairman was selected in accordance with the requirement in 34 C.F.R. § 361.17(d).

Furthermore, DDRS reported that the most recent SRC meeting was held on February 27, 2020. In accordance with 34 C.F.R. § 361.17(j) Meetings. The Council must—

- (1) Convene at least four meetings a year in locations determined by the Council to be necessary to conduct Council business. The meetings must be publicly announced, open, and accessible to the general public, including individuals with disabilities, unless there is a valid reason for an executive session; and
- (2) Conduct forums or hearings, as appropriate, that are publicly announced, open, and accessible to the public, including individuals with disabilities.

Therefore, without the proper composition and required meetings, the SRC has not carried out the required functions in 34 C.F.R. § 361.17(h) in accordance with its assurance in the vocational rehabilitation services portion of the Unified or Combined State Plan (34 C.F.R. § 361.16(a)(2)).

**Conclusion:** DDRS does not have an SRC that meets all of the requirements in Section 105 of the Rehabilitation Act and is not in compliance with the requirements of 34 C.F.R. §§ 361.16 and 361.17.

**Corrective Actions 2.4:** RSA requires that DDRS—

- 2.4.1 Take immediate steps necessary to comply with all requirements in 34 C.F.R. § 361.17, particularly the term and composition requirements for the SRC, including fulfillment of gubernatorial appointments. Once all vacant positions and expired positions are filled, DDRS must submit a fully compliant SRC membership roster with positions that are represented, the dates individuals were appointed by the Governor, and whether the individual is serving a first or second term for RSA’s review with the requirements in 34 C.F.R. § 361.17; and
- 2.4.2 Provide information, including dates, agendas, and minutes of quarterly meetings and, as appropriate, forums and hearings, to ensure and validate that the functions required in 34 C.F.R. § 361.17(h) are being performed by DDRS and the SRC.

**VR Agency Response:** VIDDRS is responsive and supports the SRC in efforts to recruit new members and fulfil the mandate as it pertains to composition, appointment and responsibilities as stipulated by the Rehabilitation Act. The VIDDRS finds that the current membership needs to be strengthened and commits to leading the charge. The State agency is understaffed, however, plans to utilize various mediums to advertise the goal and the mission of the SRC to improve its performance, satisfy reporting requirements and establish a presence within the Virgin Islands community.

**RSA Response:** The DDRS does not have an SRC that meets all of the requirements in Section 105 of the Rehabilitation Act and is not in compliance with the requirements of 34 C.F.R. §§ 361.16 and 361.17. If DDRS does not demonstrate compliance with the SRC membership and composition requirements in 34 C.F.R. § 361.17, RSA may take additional enforcement action, such as placing specific conditions on future grant awards, pursuant to 34 C.F.R. §§ 80.12, 80.43, and 34 C.F.R. part 81. RSA maintains this finding.

**VR Agency Request for Technical Assistance:** VIDDRS does not request technical assistance in this area.

## **SECTION 3: FOCUS AREA – FINANCIAL MANAGEMENT OF THE STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS**

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### **A. Purpose**

Through this focus area RSA assessed the financial management and fiscal accountability of the VR and Supported Employment programs to ensure that: funds were being used only for intended purposes; there were sound internal controls and reliable reporting systems; available resources were maximized for program needs; and funds supported the achievement of competitive integrated employment for individuals with disabilities, including those with the most significant disabilities, and the needs of students with disabilities for pre-employment transition services.

### **B. Scope of Financial Management Review**

For the period of the review, DDRS' grant awards were determined to be high risk and subject to specific conditions imposed by the Department. The determinations were made in accordance with applicable regulations governing specific conditions and "high-risk" grantees in 2 C.F.R. §§ 200.207 and 3474.10, and the specific conditions were imposed because the Virgin Islands was not able to demonstrate that it had the capacity to ensure fiscal management of Department grant funds in order to ensure compliance with Federal grant requirements and fiscal accountability without the use of a third-party fiduciary agent.

During the monitoring process, RSA reviewed the following areas related to financial management and accountability:

#### **Period of Performance**

Period of performance is the time during which the non-Federal entity (grantee) may incur new obligations to carry out the work authorized under the Federal award (2 C.F.R. § 200.1). To accurately account for Federal and non-Federal funds, the VR agency must ensure that allowable non-Federal and Federal obligations and expenditures are assigned to the correct Federal fiscal year award. RSA uses the financial information reported by the grantee to determine each VR agency's compliance with fiscal requirements (e.g., reservation of funds, matching, maintenance of effort (MOE), etc.). The RSA review team assessed DDRS' performance in meeting the period of performance requirements related to the proper assignment of obligations and expenditures to the correct grant award(s).

#### **VR Program Match**

VR program regulations require the State to incur a portion of expenditures under the VR services portion of the Unified or Combined State Plan from non-Federal funds to meet its cost sharing requirements (34 C.F.R. § 361.60). The required Federal share for expenditures made by the State, including expenditures for the provision of VR services and the administration of the

VR services portion of the Unified or Combined State Plan, is 78.7 percent. The State's share is 21.3 percent. The RSA review team assessed DDRS' performance in meeting the matching requirements for the VR program, including whether the matching level was met, as well as whether the sources of match were consistent with Federal requirements and any applicable MOE issues.

The RSA review team addressed requirements pertaining to the use of State appropriations as a source of non-Federal share used by the State as match for the VR program.

### **Supported Employment Program Match**

Supported Employment program regulations require that the State expend 50 percent of its total Supported Employment program allotment for the provision of supported employment services, including extended services, to youth with the most significant disabilities. The Supported Employment program funds required to be reserved and expended for services to youth with the most significant disabilities are awarded through the SE-B grant award. The Federal share for expenditures from the State's SE-B grant award is 90 percent. The statutorily required 10 percent match requirement applies to the costs of carrying out the provision of supported employment services, including extended services, to youth with the most significant disabilities. This means that the 10 percent is applied to total expenditures, including both the Federal and non-Federal shares, incurred for this purpose, and that the non-Federal share must also be spent on the provision of supported employment services, including extended services, to youth with the most significant disabilities.

The RSA review team assessed the matching requirements for the Supported Employment program, including an assessment of whether the matching level was met, as well as whether the sources of the match were consistent with Federal requirements.

### **Prior Approval**

The Uniform Guidance (2 C.F.R. § 200.407) requires prior written approval (prior approval) for various grant award activities and proposed obligations and expenditures. RSA reviews and approves prior approval requests on behalf of the Department of Education. The RSA review team examined DDRS' internal controls to ensure that the VR agency is meeting the prior approval requirements.

### **Vendor Contracts**

The RSA team reviewed three areas related to vendor contracts:

- Contract procurement;
- Contract monitoring; and
- Performance standards and Reasonable costs.

This review area included contracts for the provision of pre-employment transition services.

To test for compliance with period of performance, VR program match requirements, prior approval requirements and vendor contract payments, RSA requested a general ledger (GL)

report for FFY 2019 for vocational rehabilitation (VR) match costs and supported employment Federal expenditures (i.e., awards H126A190081 and H187B190082 respectively). DDRS uses Enterprise Resources Planning (ERP) as its financial system of record. ERP is a suite of programs utilized by Virgin Island agencies to manage financial transactions, human resources, payroll data and payroll processes. The GL report is generated from the ERP system; and should include all grant financial activity within the specified parameters, in this case, award period of performance. In response to our requests for the two GL reports, RSA received financial data (Excel file) for VR award H126A190081. We did not receive a GL report for Supported Employment award H187B190082.

### **C. Technical Assistance and Recommendations**

RSA provided technical assistance in the following topical areas to DDRS in response to areas identified during the review process and in response to specific technical assistance needs identified by the VR agency. Technical assistance and recommendations provided by RSA are intended to assist DDRS to achieve continuous improvement in the financial management and performance of the VR and Supported Employment programs. RSA is available to provide follow-up technical assistance and has referred the VR agency to the RSA Technical Assistance Center on Quality Management, Quality Employment, and NTACTION: C.

#### **Period of Performance**

DDRS indicates that one means of ensuring costs are charged to the correct period of performance is to disable the accounting line at the end of the period. However, this practice does not allow for costs incurred within the award period to be paid within the liquidation period. RSA advised that DDRS consider extending the period in which properly incurred costs may be liquidated after the end date of the award.

#### **Procurement and Reasonable Costs**

DDRS shared that it did not use a formal request for proposal or similar solicitation process to procure services under the VR and Supported Employment programs. RSA advised DDRS to consider implementing a formal, standardized procurement method. RSA also recommended that DDRS use a cost-benefit analysis, or similar tool, to aid in ensuring that proposed costs are reasonable prior to executing a contract.

#### **Contract Monitoring**

RSA recommended that DDRS develop and implement a standard, formal contract monitoring policy and procedures document. This will help to ensure that purchased services are provided as agreed, and any shortfalls or insufficiencies of performance may be addressed in a timely manner.

#### **Contract Performance Objectives**

The contracts RSA reviewed did contain performance measures; however, most appeared insufficient and did not reflect measures specific to deliverables for required pre-employment transition services. To be effectively measurable and meaningful, a performance standard should

contain a baseline and either an amount or a percentage of change or variance (increase/decrease) from the baseline. Following are a few examples of insufficient performance measures:

RSA reviewed contracts with Island Therapy Solutions, Inc. (ITS) and the Virgin Islands University Center of Excellence in Developmental Disabilities (VIUCEDD), neither of which contained measurable performance standards. For example, the ITS agreement states that “the overall goal is to ensure an individual has demonstrated progress toward achieving competitive employment based on their unique strengths, abilities, interests, and informed choice.” However, there are no stated standards for determining how demonstrating progress toward achieving competitive employment is measured. Nor is there a minimum number of individuals to be served or a date by which they will be served, thereby incorporating additional metrics that may be used to conduct a valid assessment of vendor performance. Performance objectives and measurements should be written in such a way as to provide a meaningful and accurate assessment of the vendor’s performance. It is a fundamental component of effective contract monitoring. Vendor performance may be measured by reviewing the stated objectives against objectives actually achieved. When such metrics are insufficient or absent, it diminishes the value and usefulness of monitoring.

DDRS should develop and implement policies and procedures for establishing measurable performance standards and objectives in all Federally funded contracts, including pre-employment transition services contracts, that contribute to accurate reporting of allowable fiscal expenditures and contract deliverables.

#### **D. Findings and Corrective Actions**

RSA’s review of DDRS’ performance in this focus area resulted in the identification of the following findings and the corresponding corrective actions to improve performance.

##### **3.1 Period of Performance**

**Issue:** Whether DDRS posts only allowable costs incurred within the period of performance of the VR and Supported Employment awards; and correctly assigns those costs to the appropriate Federal award.

**Requirements:** As a recipient of Federal VR and Supported Employment program funds, DDRS must have procedures that ensure the proper and efficient administration of its VR and Supported Employment programs and enable DDRS to carry out all required functions, including financial reporting (34 C.F.R. § 361.12). In accordance with the Uniform Guidance in 2 C.F.R. § 200.302(a), a State’s financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the award, must be sufficient to permit the preparation of reports required by general and program specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. The Uniform Guidance requires the financial management system of each non-Federal entity to provide for the identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received (2 C.F.R. § 200.302(b)). In addition, Education Department General Administrative Regulations (EDGAR) at 34 C.F.R.

§ 76.702 require States to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for Federal funds. Each grant award has a defined “period of performance,” which is the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award (2 C.F.R. § 200.77). A non-Federal entity may only charge to the Federal award allowable costs incurred during the period of performance (2 C.F.R. § 200.403(h), see also EDGAR 34 C.F.R. §§ 76.703 and 76.709). In addition, a cost is allowable if it is necessary and reasonable for the performance of the Federal award (2 C.F.R. §§ 200.403(a) and 200.405(a)). This is also stated in Sections e. and g. of DDRS’ Grants Management & Reporting Policy and Procedures.

DDRS must implement internal controls necessary to ensure obligations and expenditures for a Federal award are assigned, tracked, recorded, and reported within the applicable period of performance for that Federal award, thereby ensuring the grantees are managing the award in compliance with Federal requirements (2 C.F.R. § 200.303(a)). The proper assignment of Federal and non-Federal funds to the correct period of performance is necessary for DDRS to correctly account for VR and Supported Employment program funds so that RSA can be assured that the agency has satisfied requirements for, among other things, match (34 C.F.R. § 361.60), maintenance of effort (MOE) (34 C.F.R. § 361.62), and the reservation and expenditure of VR funds for the provision of pre-employment transition services (34 C.F.R. § 361.65(a)(3)).

For expenditures to be allowable under the Federal award, VR agencies must demonstrate that the obligation occurred within the period of performance of the Federal award. Obligations means “orders placed for property and services, contracts and subawards made, and similar transactions that require payment by the non-Federal entity during the same or a future period.” (2 C.F.R. § 200.71). EDGAR regulations at 34 C.F.R. § 76.707 explain when a State incurs an obligation for various kinds of services and property. Expenditures must be for payment of actual financial obligations. Obligations must be charged to a Federal award and must occur within the appropriate period of performance. Therefore, to properly account for and liquidate expenditures, grantees must be able to assign an obligation to a Federal award based on the date the obligation was made (34 C.F.R. §§ 76.703 and 76.709).

The Rehabilitation Act of 1973, as amended by WIOA, requires VR agencies to set aside at least 15 percent of their federal funds to provide "pre-employment transition services" to "students with disabilities who are eligible or potentially eligible for VR services." The 15 percent reserve is based on the net award as of the end of the year of appropriation to allow for changes to the formula award, including additional reallocation funds received, relinquished funds, or deobligated funds.

**Analysis:** RSA reviewed several transactions for compliance with the Federal regulations cited in the preceding paragraphs, as well as DDRS’ procurement, grants management and accounting policies. The review was based on the GL report data and several vendor invoices paid from the match portion of the VR awards (Note: RSA requested, but did not receive, invoices documenting expenses reimbursed from the Federal funds allocated to award H187B190082).

**Table 1 – Invoice Review Summary**

<b>Invoice #</b>	<b>Vendor</b>	<b>Amount</b>	<b>PO #</b>	<b>Service Date</b>	<b>FFY of Incurred Costs</b>	<b>Grant #</b>	<b>Federal or Match Funds</b>
0000084	Samuel Grantley	12,000.00	00018417	Aug - Sep 2018	2018	H126A190081	Match
82019	When You Got to Go Sewage	412.50	00015824	Aug-19	2019	H126A190081	Match
4574	Programming Solutions, Inc.	13,577.50	00013874	Sep-18	2018	H126A190081	Match
4571	Programming Solutions, Inc.	560.00	00013874	Aug-18	2018	H126A190081	Match
102	Roberts & Assoc., LLC	3,600.00	00017589	Jul 29 – Aug 16	2019	H126A190081	Match
14051	Universal Business Supplies	3,401.45	00005529	1/24/2019	2019	Unknown	Unknown
71492	University of the VI	575.00	00723104	31-Oct	2019	H126A190081	Match
SE-1	University of the VI	4,067.66	None	8/19/2019	2019	H126A190081	Match
SE-2	University of the VI	4,067.66	None	8/19/2019	2019	H126A190081	Match
SE-3	University of the VI	4,067.66	None	8/19/2019	2019	H126A190081	Match
no invoice provided	Global Tours	25,000.00	00014617	Unknown	Unknown	H126A190081	Match
A201285	Chico's Distributing, Inc.	1,500.00	00010421	5/13/2019	2019	H126A190081	Match
0219	C&J Auto Kare	85.00	00015305	7/2/2019	2019	H126A190081	Match

RSA’s review indicated that services provided under agreements with Samuel Grantley and Programming Solutions, Inc., benefitted the FFY 2018 award, but were paid from the FFY 2019 award. Mr. Grantley was engaged to provide agricultural training to transitioning youth authorized by the Department of Human Services, Disabilities and Vocational Rehabilitation Services. The agreement commenced on July 9, 2018; terminated on August 17, 2018; and became effective on October 16, 2018 (the day of final execution by all parties). The agreement shows the services were to be provided in FFY 2018; the \$12,000 payment, however, was made from FFY 2019 funding.

Programming Solutions, Inc’s invoices 4571 and 4574 show software support and developer tasks for RSA-911 provided in August and September 2018. The invoices total \$14,137.50 and were paid from FFY 2019 funds. The period of performance for all VR awards issued by RSA is the Federal fiscal year, including carryover funding. Under 2 C.F.R. § 200.405(a), costs are allocable to a Federal award based on relative benefit received. RSA does not dispute that the services as described were beneficial to the Federal program. However, the benefits (services) were provided in FFY 2018; consequently, the contract costs were payable from FFY 2018 funds and not from FFY 2019 funds.

The supporting documentation for invoices SE-1, SE-2 and SE-3 indicate the services were provided in furtherance of the Supported Employment program, yet the three invoices totaling \$12,202.98 (\$4,067.66 each) were allocated as VR match. (Note: DDRS has no matching requirement for its Supported Employment funds.)

Finally, it appears that costs for the contracts that provided pre-employment transition services were recorded as match and not against the 15 percent pre-employment transition services reserved funds. The final SF-425 report submitted for H126A190081 indicates no expenditures posted to the 15 percent set-aside as required.

**Conclusion:** RSA has determined that DDRS is non-compliant with Federal requirements (34 C.F.R. § 361.12, 34 C.F.R. § 76.702; and 2 C.F.R. §§ 200.302, 200.303, 200.403(a) and (g), and 200.405(a)) to accurately account for and report obligations and ensure expenditures are paid from the correct Federal award. As a result, RSA cannot determine whether the agency satisfied requirements related to match, MOE, and the reservation of funds for the provision of pre-employment transition services. As a recipient of Federal VR and Supported Employment funds, DDRS must have procedures in place that ensure proper and efficient administration of its VR program and that enable DDRS to carry out all required functions. The methods of administration must ensure accurate data collection and financial accountability (34 C.F.R. § 361.12 and 2 C.F.R. § 200.302).

RSA is particularly concerned regarding this finding because the Virgin Island specific conditions for FFY 2019 and prior FFYs required the Virgin Islands “[to] charge their grants only for costs resulting from obligations that were properly made during the period of availability for the funds, including any carryover period.”

RSA requested, but did not receive, a GL report and copies of supporting documentation of expenses charged to the Supported Employment award. Thus, RSA was unable to test for compliance with the period of performance requirements. RSA cannot confirm that DDRS is compliant with the requirements cited in this section regarding the Supported Employment award. However, based on information RSA reviewed for the VR award, it suggests that there is non-compliance in this area for the Supported Employment award as well.

These control deficiencies suggest elevated risk to DDRS’s effectiveness and efficiency of operations, reliability of reporting, and compliance with applicable laws and regulations. The risk will be greatly reduced through management’s development and implementation of internal controls at a level of detail necessary to meaningfully mitigate risk.

DDRS has not met the requirement to reserve at least 15 percent of its Federal VR program funds to provide pre-employment transition services to students with disabilities who are eligible or potentially eligible for these services.

**Corrective Actions 3.1:** RSA requires that DDRS—

- 3.1.1 Within three months of the date of the final monitoring report, submit draft internal controls for ensuring compliance with obligation requirements in 2 C.F.R. § 200.303, including a monitoring component that ensures sustained compliance with, and correction

- of, the areas identified. Specifically, DDRS must revise its financial data collection and analysis process so that it ensures all Federal and non-Federal obligations are properly accounted for and obligated to the correct FFY award in the agency's financial management system;
- 3.1.2 Within three months after concurrence by RSA, implement the new processes, policies, procedures, and internal controls, as necessary, to accurately account for and report Federal and non-Federal obligations and expenditures to the correct period of performance;
  - 3.1.3 Within three months after the final monitoring report, submit revised draft SF-425s to RSA for FFYs 2018 and 2019 that reflect the correct assignment of obligations;
  - 3.1.4 Modify the current tracking and reporting system in order to ensure DDRS is capturing and reporting each of the five required activities provided to each potentially eligible student with a disability (non-applicants and applicants) and VR eligible students in receipt of such service(s), whether provided in-house or purchased, as required on the RSA-911 Case Service Report;
  - 3.1.5 Develop and issue staff procedures to track and report the staff time spent directly providing or arranging for the provision of each of the three sets of pre-employment transition services activities (required, authorized, and pre-employment transition coordination activities); and
  - 3.1.6 Analyze the expenditures reported on the SF-425 as pre-employment transition services expenditures to determine whether those expenditures have been coded and reported for each required activity provided as a direct service to an individual (in-house or purchased) on the RSA-911; and if the expenditures are for staff time spent providing the required service(s), engaging in pre-employment transition coordination activities and/or authorized activities.

**VR Agency Response:** VIDDRS has suffered significantly as it pertains to maintaining staff that oversees the fiscal management of the agency's funding. During this review period, the agency's Federal Grant Monitor retired, and the position remains unfilled. This staff person was tasked with the responsibility of ensuring fiscal accountability and compliance. This individual interfaced with the program staff, the fiscal office, Office of Management and Budget and Third-Party Fiduciary Agent. Since that time, it has been extremely difficult to function and maintain compliance without the full complement of qualified and trained personnel. The information and findings in Section 3 appears to be inconclusive as it relates to the sections that focused on the supported employment services program and the pre-employment transition services. This may be largely attributed to the lack of designated staff and the ability to provide the appropriate documentation. VIDDRS has established a separate line item in the Federal budget with corresponding account codes to accommodate the 15 percent set aside for the provision of pre-employment transition services, see attached GL. In the absence of the case management system, an excel document was developed to capture the required services provided to potentially eligible and eligible students with disabilities.

Grant Management and Accounting Policies and Procedures were drafted and implemented as part of the initial agreement with the third-party fiduciary agent (TPFA). The agency continues to be managed by the TPFA and adheres to the specified controls as the Government of the

Virgin Islands (GVI) plans to uniform standard operating procedures for all agencies to include VIDDRS.

**RSA Response:** At the time of the review, RSA determined that DDRS was not compliant with the requirements to accurately account for and report obligations and ensure expenditures are paid from the correct Federal award. During the monitoring review, RSA did not receive the requested GL report or supporting documentation of expenses charged to the supported employment award, nor was RSA able to test for compliance within period of performance requirements, or if the agency satisfied requirements related to match, MOE and the reservation of funds reserved for pre-employment transition services or the period under review. The control deficiencies suggest elevated risk to DDRS's effectiveness and efficiency of operations, reliability of reporting, and compliance with applicable laws and regulations. As such, the finding and respective corrective actions stand.

RSA will review supporting documentation submitted during the corrective action plan (CAP) process and provide necessary technical assistance to DDRS as it develops and implements internal controls at a level of detail necessary to meaningfully mitigate risk, including controls necessary to meet the requirement to reserve at least 15 percent of its Federal VR program funds to provide pre-employment transition services to students with disabilities who are eligible or potentially eligible for these services.

**VR Agency Request for Technical Assistance:** VIDDRS has experienced high turnover in the fiscal component of the agency and is requesting comprehensive training to include the following areas: preparation of SF-425, RSA-17, maintenance of effort (MOE), and period of performance, carry-over and required set-aside.

### **3.2 Unsubstantiated VR Program Match.**

**Issue:** Whether the DDRS meets the matching requirements of the VR program in 34 C.F.R. § 361.60.

**Requirements:** VR program implementing regulations require a State to incur a portion of expenditures under the VR services portion of the Unified or Combined State Plan from non-Federal funds to meet its cost sharing requirements (34 C.F.R. § 361.60(b)). The Federal share for expenditures made by the State, including expenditures for the provision of VR services and the administration of the VR services portion of the Unified or Combined State Plan, is 78.7 percent. The State's share is 21.3 percent. The non-Federal share of expenditures reported by September 30 of the year of appropriation must be sufficient to permit the drawdown of Federal funds needed to pay obligations incurred during the year of appropriation, plus the amount of Federal funds, if any, the grantee plans to carry over for obligation and expenditure during the carryover period of the award. Non-Federal funds obligated during the year of appropriation of an award are allowable match for the VR program if those obligations are liquidated. As a recipient of Federal VR funds, DDRS must have procedures that ensure the proper and efficient administration of its VR program and enable DDRS to carry out all required functions, including financial reporting (34 C.F.R. § 361.12).

In accordance with the Uniform Guidance at 2 C.F.R. § 200.302(a), a State's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the award, must be sufficient to permit the preparation of required reports; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. Under 2 C.F.R. §§ 200.306(b) and 200.403(g), costs, including match, must be adequately documented to be allowable under a Federal award. In addition, 34 C.F.R. § 76.702 requires States to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for Federal funds (see also 34 C.F.R. § 361.12). In addition, EDGAR provisions at 34 C.F.R. § 76.702 require States to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for Federal funds.

**Analysis:** The final SF-425 submitted for award H126A190081 for period ending September 30, 2020, shows Federal expenditures of \$1,566,724; non-Federal expenditures of \$456,755, and total expenditures of \$2,023,499. Of the total expenditures, the Federal share is 77.4 percent, the non-Federal share is 22.6 percent. The VR program has a matching requirement of 21.3 percent, and thus it appears DDRS has exceeded the requirement. To substantiate the match amount reported, RSA reviewed the Excel report submitted as non-Federal expenditures, and the GL account codes (accounting attributes) DDRS uses to record financial transactions.

DDRS provided a chart of accounts which indicates that project code is the attribute used to identify Federal grants managed by DDRS. In this case, project code is the only account code that distinguishes Federal and non-Federal expenditures; all other attributes for Federal and non-Federal expenditures are indistinguishable from one another. DDRS's 2018 Single Audit (the latest audit available from the Clearinghouse as of May 24, 2021) states that DDRS Government uses fund accounting to ensure and demonstrate compliance with statutory and regulatory financial requirements. Under a fund accounting structure, a fund is typically the highest level in budget and accounting hierarchies; it identifies a source of funds from which revenue is received, and the source of funds from which expenses are paid. DDRS recognizes Federal, State general revenue, bond, proprietary, and fiduciary funds. Noticeably absent from both the chart of accounts and the account codes is a fund identifier. Consequently, RSA cannot conclusively determine that the match expenses were paid from non-Federal sources. The GL report contains accounting attributes (GL codes) that match the chart of accounts, and object codes identified by DDRS as being used in FFY 2019 for the VR and Supported Employment programs. Federal grants are identified in ERP at the project level, and the GL report showed no Federal grant designation in the project code field. Thus, the absence of a grant/project identifier leads RSA to conclude the costs were applied as match.

As mentioned, the final SF-425 for H126A190081 shows total Federal expenditures of \$1,566,724. This is inconsistent with the total draw amount of \$1,818,980 (rounded) as recorded in G5, resulting in a variance of \$252,256. Either the Federal expenditures are overstated by \$252,256, or the required match is understated by \$35,548 (variance between \$492,303 required and \$456,755 reported).

**Conclusion:** RSA is unable to substantiate that the required match was met. The GL report does not contain enough detailed information to confirm that the expenditures reported as match were

paid from non-Federal sources. In addition, there are discrepancies between the SF-425 expenditure data reported and the amounts drawn from G5; the discrepancies are irreconcilable.

As mentioned previously, \$12,202.98 in contract costs allocated as VR program match were actually incurred for the benefit of the Supported Employment program, and thus are not allowable as VR match.

**Corrective Actions 3.2:** RSA requires that DDRS—

- 3.2.1 Develop and implement, within 120 days after the issuance of the final report, written internal controls governing oversight of grant-supported activities, particularly with respect to reporting requirements, as required by 2 C.F.R. § 200.328(a) (currently, 2 C.F.R. § 200.329(a), see also 2 C.F.R. § 200.332);
- 3.2.2 Verify implementation of internal controls within 60 days after RSA’s review;
- 3.2.3 Implement an internal monitoring component for all grant supported activities in accordance with 2 C.F.R. § 200.303(c) and (d) within 180 days of the issuance of the final report; and
- 3.2.4 Revise and resubmit SF-425 financial reports to accurately report all Federal and non-Federal expenditures and obligations.

**VR Agency Response:** In previous years, VIDDRS has been extremely diligent as it pertains to maintaining the matching requirements and fiscal accountability. It appears that due to shortage of personnel, the agency has experienced significant loss and delays. In some instances, staff is unable to conduct the counter checks required to ensure the expenditures are captured and accounted for. VIDDRS has taken corrective action to ensure that the Federal budget was developed and approved to facilitate the hiring process. As there are requirements that stipulate separation of duties, therefore, it would be prudent to cross-train staff.

**RSA Response:** RSA maintains the finding and will continue to provide technical assistance to DDRS, as the VR agency develops written internal controls specific to oversight of grant-supported activities and reporting requirements, and revises and resubmits its SF-425 reports. RSA also recommended that DDRS request targeted technical assistance from the VRTAC-QM specific to match and match reporting requirements, as well as allowable costs.

**VR Agency Request for Technical Assistance:** The VIDDRS would appreciate and fully support training and technical assistance focused on matching requirements and allowable costs.

### **3.3. Insufficient Contract Procurement**

**Issue:** Whether the costs of the contracted services were procured in a manner that is consistent and compliant with 2 C.F.R. §§ 200.317 and 200.403(c); Section J of 2 C.F.R. § 200, Appendix II; title 31, Virgin Islands Code and the DPP; procurement policy.

**Requirements:** Under 2 C.F.R. § 200.300(b) the non-Federal entity is responsible for complying with all requirements of the Federal award. 2 C.F.R. § 200.403(c) states that allowable costs must be consistent with policies and procedures that apply uniformly to both Federally financed

and other activities of the non-Federal entity. In addition, all costs under a Federal award are subject to 2 C.F.R. § 200.317, Procurements by states, which states—

When procuring property and services under a Federal award, a State must follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will comply with §§200.321, 200.322, and 200.323 and ensure that every purchase order or other contract includes any clauses required by §200.327.

Additionally, the specific conditions for FFY 2019 and prior years states that the Virgin Islands “acknowledge[s] that the Agent also has the duty to ensure that Department funds are used only for allowable costs, including costs that are necessary, reasonable, and allocable to the respective grants as required by 2 CFR Part 200, Subpart E, and that are procured in accordance with applicable procurement requirements in 2 CFR §§ 200.318-200.326.” Additionally, the specific conditions state that the Virgin Islands must provide “effective oversight for proposed procurements, including but not limited to, training all staff on, and reviewing all requisitions against, local and ED requirements for procuring goods and services.”

The acquisition of goods and services for the Virgin Islands Executive Branch is governed by title 31, Virgin Islands Code, chapter 23, sections 231-251 and Title 31, Virgin Islands Rules and Regulations, chapter 23. Under these provisions, DPP is the sole entity responsible for procuring all goods and services.

Under [V.I. Code title 31, § 236\(a\)](#), all purchases of, and contracts for, supplies, materials, equipment, and contractual services, and all sales of personal property which have become obsolete and unusable, shall be based on competitive bids, except as provided in section 239 (of title 31). If the amount of the expenditure is estimated to exceed \$50,000 or the amount of the sale is estimated to exceed \$50,000, the contract shall be in writing. Notices inviting sealed competitive bids shall be published in the newspapers of general circulation within the Virgin Islands, and at least five calendar days shall intervene between the date of last publication and the final date for submitting bids. Such notices shall include a general description of the articles to be purchased or sold, shall state where bid blanks and specifications may be secured, and the time and place for opening bids and also where the property may be inspected.

Under [V.I. Code tit. 31, § 239\(a\)](#) supplies, material and equipment may be purchased, and contractual services negotiated for, in the open market without observing the provisions of section 236 of this title provided—

- the aggregate amount involved is not more than \$50,000; provided however, that no more than one such purchase of the same supplies, materials, or equipment or contract for the same professional service shall be made by any agency or semiautonomous agency of the Government from any person, firm, partnership, or corporation in any 30-day period; and provided, further, that only the head of the department or agency or semiautonomous agency or the certifying officer is authorized to certify expenditures between \$5,000 and \$50,000 for open market purchases and negotiated contracts for services, made pursuant to this paragraph and

- provided further that at least three quotations be sought from the several vendors and the purchase be made from the best value;
- the purchase or contract is for professional services; provided that such services shall be procured by competitive negotiation, wherever practicable;
  - the purchase or contract is for property or services for which it is impracticable to obtain competition;
  - negotiation of the price or a contract is otherwise authorized by law.
  - the purchase or contract is for an aggregate amount not exceeding \$25,000 and is made by the Commissioner of Property and Procurement on behalf of any department or agency of the Government of the Virgin Islands; provided all purchases and contracts shall be made on a competitive basis to the maximum extent possible.
  - (b) Where an open market purchase is made, or a contract for services negotiated for, pursuant to clauses (1) and (2) of subsection (a) of this section, the approval of the Governor shall be necessary and, in addition, if the purchase is made pursuant to clause (2) of subsection (a) of this section, the Commissioner of Property and Procurement shall attach to the requisition stamped “Public Exigency” a brief but concise description of the nature of the public exigency involved.

The DPP procurement policy states that the Government of the Virgin Islands of the United States uses the following two methods for procuring goods and services:

1. Open market (competitive and non-competitive negotiation); and,
2. Formal advertising (competitive sealed bid).

When procuring professional services (Architectural/Engineering Services, Consulting Services, etc.) for the Government of the Virgin Islands, User Agencies should follow the requirements of title 31, Virgin Islands Code, chapter 23, section 239(a)(4) and the corresponding rules and regulations and the requirements outlined in Section IV of the procurement policy. However, if a User Agency is not able to comply with the requirements of title 31, Virgin Islands Code, chapter 23, section 239(a)(4) and its corresponding rules and regulations, or another exception to the formal bidding process does not apply to the contract, User Agencies will be required to formally advertise a Request for Proposals (RFP). In submitting such requests, the User Agency must submit a letter of request stating the need for the services, scope of work, and proof of funding to DPP.

**Analysis:** RSA reviewed contracts for Island Therapy Solutions, dba Lindsay Wagner, LLC (supported employment services); Geographic Solutions, Inc. (IT services), and Samuel Grantley (agricultural training) to determine the extent to which DDRS procured property and services under the VR award, using the same policies and procedures it uses for procurements from its non-Federal funds (2 C.F.R. § 200.317). When RSA asked DDRS to provide the requests for proposals (RFPs) and agreements for the pre-employment transition service providers, the VR agency stated the vendors were not solicited through a formal solicitation process. Specifically, DDRS shared that the teachers who provided the pre-employment transition services were selected from a list provided by the Department of Education. DDRS did not provide eligibility criteria, qualifications standards, requirements or similar type of information designed to ensure a fair and unbiased selection basis.

Island Therapy Solutions, Inc. submitted an unsolicited proposal; and Geographic Solutions, Inc. was selected to provide IT services because they provide similar services to the Virgin Islands DOL. It was the intention of DDRS to leverage Geographic Solutions' current relationship with the Department of Labor to minimize the time and effort required to obtain the IT services.

**Conclusion:** As a result of the analysis, RSA determined that DDRS did not procure VR services in accordance with 2 C.F.R. § 200; Section I of 2 C.F.R. § 200, Appendix II; title 31, Virgin Islands Code or the DPP procurement policy. Specifically, the Uniform Guidance at 2 C.F.R. § 200.317 requires that a State follow the same policies and procedures it uses for procurements from its non-Federal funds. As noted above, the State procurement policies and procedures for Virgin Islands are the responsibility of DDP. DPP requires that contracts for, supplies, materials, equipment, and contractual services be based on competitive practices. DDRS did not use competitive practices, an RFP, to procure pre-employment transition services provided by teachers; or to procure the supported employment services provided by Island Therapy Solutions, Inc.; or to procure the IT services provided by Geographic Solutions, Inc.

**Corrective Actions 3.3:** RSA requires that DDRS—

- 3.3.1 Procurement Method. Develop, implement, and monitor a procurement method, procedures and standards that ensure compliance with applicable Federal and VI statutes, regulations and policies. These include, but are not limited to, 2 C.F.R. §§ 200.317 and 200.403(c); Section J of 2 C.F.R. § 200, Appendix II; title 31, Virgin Islands Code and the U.S. Virgin Island, DPP procurement policy; and
- 3.3.2 Reasonable costs. Develop, implement, and monitor policies and procedures, as well as a written internal control process, to ensure ongoing compliance with the reasonable costs requirements cited in 2 C.F.R. § 200.404.

**VR Agency Response:** In accordance with WIOA, VIDDRS is required to align services and activities and promotes the development of integrated intake, case management and reporting systems. Therefore, VIDDRS and VIDOL has partnered to fulfil this requirement through the procurement of the electronic case management system hosted by Geographic Solutions Inc. Contracts thereby submitted to the Department of Property and Procurement for consideration as a sole service provider request. VIDDRS is required and committed to comply with policies outlined by DPP when procuring professional services. The agreement for agricultural training was approved by DPP; the Island Therapy Solutions Agreement is still under internal review. VIDDRS plans to finalize the aforementioned contractual agreements within the next 30-60 days to submit for RSA review.

**RSA Response:** Regardless of which entity in the Virgin Islands approved service provider agreements, RSA determined that DDRS did not procure VR services in accordance with 2 C.F.R. § 200; Section I of 2 C.F.R. § 200, Appendix II; title 31, Virgin Islands Code or the DPP procurement policy. The finding is maintained.

**VR Agency Request for Technical Assistance:** Technical Assistance is not requested at this time.

### 3.4 Insufficient Contract Monitoring

**Issue:** Whether DDRS conducted contract monitoring activities sufficient to meet the requirements of 2 C.F.R. § 200.329(a) and of Section B. of VI’s contract policy.

**Requirements:** Federal regulations state that the non-Federal entity is responsible for oversight of the operations of the Federal award supported activities (2 C.F.R. § 200.328(a)). The non-Federal entity must monitor its contracted activities under Federal awards to ensure compliance with applicable Federal requirements and that performance expectations are achieved. Monitoring by the non-Federal entity must cover each program, function, or activity.

Section III. B. of the DPP procurement policy states that, “User Agencies are required to monitor contracts for performance, payments, and renewals. User Agencies play an important role in ensuring compliance with the contracts and in protecting the Government’s interests, therefore, User Agencies must take immediate steps to protect the Government from any instances of non-performance or substandard performance.”

**Analysis:** RSA requested copies of monitoring reports for all the contracts under review but did not receive any. DDRS indicated monitoring activities are conducted by the contract administrator; however, the results are not captured in a formal monitoring report. The monitoring reports would have shown the degree to which the grantee and the vendors have complied with the stated requirements; in their absence, the agency is unable to provide documentation showing that any monitoring occurred.

Additionally, DDRS did not use independent government cost estimates, itemized budgets, spending plans, cost-benefit analysis, or similar cost information sufficient to make a valid determination of cost-effectiveness of each of the contracts. In the absence of any detailed cost information, it is difficult, if not impossible, to conduct effective and meaningful fiscal monitoring of any of the contracts.

**Conclusion:** RSA was not provided with monitoring reports to review for compliance with the requirements cited in 2 C.F.R. § 200.328(a) and of Section III. B. of DPP’s procurement policy. Consequently, RSA was unable to determine whether the agency complied with the stated requirements. DDRS was not implementing contract monitoring policies and procedures that incorporate the standards described in 2 C.F.R. § 200.328(a) and Section B. of Virgin Island’s contract policy.

**Corrective Action 3.4:** RSA requires that DDRS—

- 3.4.1 Develop, implement, and monitor contract monitoring policies and procedures that incorporate the standards described in 2 C.F.R. § 200.328(a) and of Section B. of Virgin Island’s contract policy. A monitoring component must include not only written processes, but also a process used to evaluate and monitor the agency’s own compliance with the requirements, and a process to act when non-compliance is identified. This should include remedies to correct non-compliance, such as updated processes, staff training, returning of Federal funds etc.

**VR Agency Response:** VIDDRS is required to follow the contract monitoring policies outlined by DPP and is committed to full compliance in this area. However, at the time of this review the agency did not have any executed professional services contract.

**RSA Response:** RSA maintains the finding and will review the contract monitoring policies and procedures developed by DDRS. The policies and procedures must include not only written processes, but also a process used to evaluate and monitor the agency's own compliance with the requirements, and a process to act when non-compliance is identified.

**VR Agency Request for Technical Assistance:** No technical assistance requested.

### **3.5 Insufficient Reasonable Costs Determination Process**

**Issue:** Whether the costs of the contracted services are reasonable and compliant with 2 C.F.R. § 200.404.

**Requirements:** Federal regulations require that costs paid from a Federal award must be reasonable. Under a procurement transaction, the reasonable standard is determined during the procurement process prior to awarding the contract. A reasonable cost is one that, in its nature and amount, does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost (2 C.F.R. § 200.404(a) through (e)), consideration must be given to—

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award;
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, State, local, tribal, and other laws and regulations; and terms and conditions of the Federal award;
- (c) Market prices for comparable goods or services for the geographic area;
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, . . . the public at large, and the Federal Government; and
- (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

**Analysis:** Reasonableness of costs under a Federal award is determined by applying the standards found in 2 C.F.R. § 200.404(a) through (e) to each item of cost in a proposal. This requires vendors to submit an itemized budget, a project spending plan, or similar cost projection model. The contracting agency may also conduct an independent government cost estimate to aid in determining reasonableness of costs. The items of costs are reviewed and approved or denied by the contracting agency during the negotiation phase of the procurement process. In response to RSA's inquiry as to how reasonableness of costs was determined, DDRS stated that reasonableness of costs are determined based on each vendor and if there is a cost that is suitable for whatever service is being procured.

**Conclusion:** As a result of the analysis, RSA determined that absent the detailed, vendor-specific contract cost data, DDRS cannot ensure that all expenditures incurred for the provision of purchased pre-employment transition services are reasonable. Consequently, DDRS cannot assure that it is administering the VR program in a proper and efficient manner and ensuring financial accountability. DDRS has not demonstrated compliance with 2 C.F.R. § 200.404.

**Corrective Action 3.5:** RSA Requires that DDRS—

3.5.1 Develop, implement, and monitor policies and procedures, as well as written internal control processes, to ensure ongoing compliance with the reasonable costs requirements cited in 2 C.F.R. § 200.404.

**VR Agency Response:** Due to limited availability in the territory, the VIDDRS finds it extremely difficult to identify service providers which can be viewed as a barrier to services and at times drive cost. However, all the factors that constitute reasonable costs are considered when obligating funds. VIDDRS is taking corrective action by working with Medicaid and DPP team to establish a fee schedule with corresponding services that will address this finding by March 2022.

**RSA Response:** This finding and respective corrective action are maintained.

**VR Agency Request for Technical Assistance:** No technical assistance required.

### 3.6 Lack of Internal Controls

**Issue:** Whether DDRS maintained effective internal controls regarding contract procurement, management, and oversight of the Federal award. Additionally, whether the controls are sufficient to provide reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award (34 C.F.R. § 361.12 and 2 C.F.R. § 200.303).

**Requirements:** Federal award recipients are required to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should follow guidance from Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States (also known as the “Green Book”).

Provisions at 2 C.F.R. § 200.303(b)(4) require the effective control over, and accountability for, all funds, property, and other assets to adequately safeguard all assets and assure that they are used solely for authorized purposes.

**Analysis:** RSA asked DDRS for a copy of its internal controls document, its risk management policy, and its finance/accounting policy to ensure that these standards were in place. DDRS advised it does not have an internal controls policy and procedures guidance document; instead, internal control standards and activities are incorporated in its accounting policies and procedures, procurement guidance, and other policy guidance documents. RSA noted that some internal controls standards were addressed in the documents provided. For example, the grants

management policy and procedures guide establishes roles and responsibilities, delegation of authority, and multiple levels of review. Noticeably absent was a formal, written risk management component with processes documented that identify, analyze and respond to risks.

Internal controls are established and followed to provide reasonable assurances of an organization's effectiveness, efficiency of operations, reliability of reporting (internal and external), and compliance with applicable laws and regulation. The absence of a formal internal controls' guidance document prevents RSA from testing, measuring, and assessing the extent of compliance with the requirements cited in the Green Book. Specific areas of internal control deficiency include documentation of control activities to ensure contract costs are reasonable; that financial reporting data is accurate; and compliance with Federal and State laws, regulations, and policies is enforced.

While these control deficiencies suggest elevated risk to DDRS's effectiveness and efficiency of operations, the risk will be greatly reduced by developing and implementing internal controls that meet the requirements cited at 2 C.F.R. § 200.303.

**Conclusion:** DDRS has not demonstrated effective internal controls over procurements made under Federal funding sufficient to provide reasonable assurances that the contracts are managed in compliance with Federal statutes, regulations, and the terms and conditions of the award. Lack of formal documented internal controls guidance leads RSA to conclude that DDRS has not complied with the VR program provisions and internal control requirements set forth at 34 C.F.R. §§ 361.3(a) and 361.12, and 2 C.F.R. § 200.303.

**Corrective Action 3.6:** RSA requires that DDRS—

3.6.1 Following the issuance of the final monitoring report, develop and submit to RSA for review with the first quarterly corrective action plan update, written internal controls governing oversight of grant-supported activities, particularly with respect to contract monitoring, determining rates of payment, and procuring contracted services in a manner consistent and compliant with 2 C.F.R. §§ 200.300(b) and 200.403(c).

**VR Agency Response:** VIDDRS has officially begun the process to update and develop policies that will strengthen the agency's quality assurance, financial accountability, and internal control. This will be the precursor for staff, provider, partner, and employer trainings.

**RSA Response:** The finding and respective corrective action are maintained. RSA staff will be available to review and provide technical assistance on draft internal controls governing the oversight of grant-supported activities, including contract monitoring, determining rates of payment and procuring contracted services in accordance with the Federal requirements. RSA also encourages DDRS to request technical assistance from the VRTAC-QM. Only DDRS will be able to build staff capacity.

**VR Agency Request for Technical Assistance:** Technical assistance is needed to build capacity and advance the VIDDRS in an effective manner. This action will support VIDDRS in taking the necessary steps to encourage fiscal accountability, internal control, and full compliance in all focus areas.

# **APPENDIX A: STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS PERFORMANCE TABLES**

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Table 1—USVI VR Agency Profile (PYs 2017-2019)

Table 2—USVI Number and Percentage of Participants Served by Primary Disability Type (PYs 2017-2019)

Table 3—USVI Number and Percentage of Individuals Exiting at Various Stages of the VR Process (PYs 2017-2019)

Table 4—USVI Number and Percentage of Individuals Exiting by Reason during the VR Process (PYs 2017- 2019)

Table 5—USVI VR Services Provided to Participants (PYs 2017-2019)

Table 6—USVI Types of Measurable Skill Gains Earned and Number of Participants Who Earned Measurable Skill Gains (PYs 2017-2019)

Table 7—USVI Median Hourly Earnings, Median Hours Worked per Week, Sources of Support, and Medical Insurance Coverage for Participants Who Exited with Competitive Integrated Employment or Supported Employment (PYs 2017-2019)

Table 8—USVI Number of Participants Who Exited with Competitive Integrated Employment or Supported Employment by the Most Frequent SOC Title (PYs 2017-2019)

Table 9—USVI Number of Students with Disabilities Reported, and the Number and Percentage of Students with Disabilities Who Received Pre-Employment Transition Services (PYs 2017-2019)

Table 10—USVI Number and Percentage of Required Pre-Employment Transition Services Provided (PYs 2017-2019)

## **Vocational Rehabilitation Program Other Measures That Matter**

Measure 1—USVI Sustaining Employment After Exit (January 1, 2018 – December 31, 2018)

Measure 2—USVI Profile: Quality Employment (PY 2019)

Measure 3—USVI Profile: VR Process Efficiency (PY 2019)

Measure 4—USVI Profile: VR Service Provision (PY 2019)

Measure 5—USVI Percent of Participants Enrolled in Education/Training Program Leading to a Recognized Credential/Employment (PY 2019)

Measure 6—USVI Profile: Pre-Employment Transition Services (PY 2019)

**Note:** USVI did not submit RSA-911 data for PYs 2017, 2018, or PY 2019 Q1 or Q2.

**Table 1—USVI VR Agency Profile (PYs 2017-2019)**

<b>VR Agency Profile Data</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Employment Rate			60.0%
Number of Participants Exiting in Competitive Integrated Employment or Supported Employment			59
Percentage of Timely Eligibility Determinations			78.3%
Percentage of Eligibility Determination Extensions			33.3%
Percentage of Timely IPE Development			81.7%
Number of Applicants			86
Number of Individuals Determined Eligible			69
Number of Individuals with an IPE and No VR Services Provided			34
Number of Participants (with an IPE and VR Services Provided)			320
<b>WIOA Performance Indicators (Statewide)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Measurable Skill Gains Rate	-	-	-
Employment Rate in 2 <sup>nd</sup> Qtr After Exit	N/A	-	33.3%
Median Earnings in 2 <sup>nd</sup> Qtr After Exit	N/A	-	\$3,130
Employment Rate in 4 <sup>th</sup> Qtr After Exit	N/A	N/A	-
Credential Attainment Rate	N/A	N/A	

**Table 2—USVI Number and Percentage of Participants Served by Primary Disability Type (PYs 2017-2019)**

<b>Primary Disability Type by Group</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Visual					9	2.8%
Auditory or Communicative					37	11.6%
Physical					28	8.8%
Cognitive					209	65.3%
Psychological or Psychosocial					32	10.0%
<b>Detailed Primary Disability Type</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Blindness					4	1.3%
Other Visual Impairments					5	1.6%
Deafness, Primary Communication Visual					2	0.6%
Deafness, Primary Communication Auditory					-	0.0%
Hearing Loss, Primary Communication Visual					1	0.3%
Hearing Loss, Primary Communication Auditory					22	6.9%

<b>Detailed Primary Disability Type</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Other Hearing Impairments (Tinnitus, Meniere's Disease, hyperacusis, etc.)					7	2.2%
Deaf-Blindness					-	0.0%
Communicative Impairments (expressive/receptive)					5	1.6%
Mobility Orthopedic/Neurological Impairments					4	1.3%
Manipulation/Dexterity Orthopedic/Neurological Impairments					1	0.3%
Both Mobility and Manipulation/Dexterity Orthopedic/Neurological Impairments					4	1.3%
Other Orthopedic Impairments (e.g., limited range of motion)					7	2.2%
Respiratory Impairments					-	0.0%
General Physical Debilitation (e.g., fatigue, weakness, pain, etc.)					3	0.9%
Other Physical Impairments (not listed above)					9	2.8%
Cognitive Impairments (e.g., impairments involving learning, thinking, processing information and concentration)					209	65.3%
Psychosocial Impairments (e.g., interpersonal and behavioral impairments, difficulty coping)					27	8.4%
Other Mental Impairments					5	1.6%

**Table 3—USVI Number and Percentage of Individuals Exiting at Various Stages of the VR Process (PYs 2017-2019)**

Individuals Who Exited the VR Program				PY 17	PY 18	PY 9
Number of Individuals Who Exited the VR Program						125
Exit Type	PY 17 Number of Individuals	PY 17 Percent	PY 18 Number of Individuals	PY 18 Percent	PY 19 Number of Individuals	PY 19 Percent
Individual exited as an applicant, prior to eligibility determination or trial work experience					10	8.00%
Individual exited during or after a trial work experience					-	0.0%
Individual exited after eligibility, but from an order of selection waiting list					-	0.0%
Individual exited after eligibility, but prior to a signed IPE					8	6.4%
Individual exited after an IPE without an employment outcome					40	32.0%
Individual exited after an IPE in noncompetitive and/or nonintegrated employment					-	0.0%
Individual exited after an IPE in competitive and integrated employment or supported employment					59	47.2%
Individual exited as an applicant after being determined ineligible for VR services					4	3.2%
Potentially eligible individual exited after receiving pre-employment transition services and has not applied for VR services					4	3.2%
<b>Supported Employment</b>				<b>PY 17 Number of Participants</b>	<b>PY 18 Number of Participants</b>	<b>PY 19 Number of Participants</b>
Number of Participants Who Exited with a Supported Employment Outcome in Competitive Integrated Employment				-	-	1
Number of Participants Who Exited with a Supported Employment Outcome in Noncompetitive and/or Nonintegrated Employment				-	-	-

**Table 4—USVI Number and Percentage of Individuals Exiting by Reason during the VR Process (PYs 2017-2019)**

<b>Reason for Exit</b>	<b>PY 17 Number of Individuals</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Individuals</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Individuals</b>	<b>PY 19 Percent</b>
Individual is No Longer Available for Services Due to Residence in an Institutional Setting Other Than a Prison or Jail					19	15.2%
Health/Medical					1	0.8%
Death of Individual					-	0.0%
Reserve Forces Called to Active Duty					-	0.0%
Foster Care					-	0.0%
Ineligible after determined eligible					4	3.2%
Criminal Offender					-	0.0%
No Disabling Condition					-	0.0%
No Impediment to Employment					1	0.8%
Does Not Require VR Service					-	0.0%
Disability Too Significant to Benefit from Service					1	0.8%
No Long Term Source of Extended Services Available					-	0.0%
Transferred to Another Agency					1	0.8%
Achieved Competitive Integrated Employment Outcome					56	44.8%
Extended Employment					1	0.8%
Extended Services Not Available					-	0.0%
Unable to Locate or Contact					21	16.8%
No Longer Interested in Receiving Services or Further Services					33	26.4%
All Other Reasons					6	4.8%
Number of Individuals Who Exited the VR Program					125	100%

**Table 5—USVI VR Services Provided to Participants (PYs 2017-2019)**

Participants Who Received Services				PY 17	PY 18	PY 19
Total Number of Participants Who Received VR Services						320
Training Services Provided to Participants	PY 17 Number of Participants	PY 17 Percent	PY 18 Number of Participants	PY 18 Percent	PY 19 Number of Participants	PY 19 Percent
Graduate Degree Training					2	0.6%
Bachelor Degree Training					16	5.0%
Junior or Community College Training					1	0.3%
Occupational or Vocational Training					21	6.6%
On-the-Job Training					-	0.0%
Apprenticeship Training					-	0.0%
Basic Academic Remedial or Literacy Training					-	0.0%
Job Readiness Training					19	5.9%
Disability Related Skills Training					-	0.0%
Miscellaneous Training					-	0.0%
Randolph-Sheppard Entrepreneurial Training					1	0.3%
Customized Training					-	0.0%
Career Services Provided to Participants	PY 17 Number of Participants	PY 17 Percent	PY 18 Number of Participants	PY 18 Percent	PY 19 Number of Participants	PY 19 Percent
Assessment					50	15.6%
Diagnosis and Treatment of Impairment					11	3.4%
Vocational Rehabilitation Counseling and Guidance					270	84.4%
Job Search Assistance					88	27.5%
Job Placement Assistance					27	8.4%
Short-Term Job Supports					4	1.3%
Supported Employment Services					4	1.3%
Information and Referral Services					52	16.3%
Benefits Counseling					-	0.0%
Customized Employment Services					-	0.0%
Extended Services (for youth with the most significant disabilities)					-	0.0%

<b>Other Services Provided to Participants</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Transportation					4	1.3%
Maintenance					4	1.3%
Rehabilitation Technology					7	2.2%
Personal Attendant Services					-	0.0%
Technical Assistance Services					1	0.3%
Reader Services					-	0.0%
Interpreter Services					-	0.0%
Other Services					-	0.0%

**Table 6— USVI Number of Measurable Skill Gains Earned, Number of Participants Who Earned Measurable Skill Gains, and Types of Measurable Skill Gains (PYs 2017-2019)**

<b>Types of Measurable Skill Gains Earned</b>	<b>Number 2017</b>	<b>Number 2018</b>	<b>Number 2019</b>
Educational Functioning Level			
Secondary Diploma			
Postsecondary Transcript/ Report Card			
Training Milestone			
Skills Progression			
Total			
<b>Participants Who Earned Measurable Skill Gains</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Number of Participants Who Earned Measurable Skill Gains			

**Table 7— USVI Median Hourly Earnings, Median Hours Worked per Week, Sources of Support and Medical Insurance Coverage for Participants Who Exited with Competitive Integrated Employment or Supported Employment (PYs 2017-2019)**

<b>Median Hourly Earnings and Hours Worked per Week at Exit</b>		<b>PY 17</b>	<b>PY 18</b>	<b>PY 19</b>		
Number of Participants Who Exited in Competitive and Integrated Employment or Supported Employment				52		
Median Hourly Earnings at Exit				\$13.00		
Median Hours Worked per Week at Exit				40		
<b>Primary Source of Support at Exit</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Personal Income					36	69.2%
Family and Friends					-	0.0%
Public Support					-	0.0%
Other Sources					2	3.8%
<b>Public Support at Exit</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Social Security Disability Insurance (SSDI) at Exit					4	7.7%
Supplemental Security Income (SSI) for the Aged, Blind, or Disabled at Exit					1	1.9%
Temporary Assistance for Needy Families (TANF) at Exit					-	0.0%
General Assistance (State or local government) at Exit					3	5.8%
Veterans' Disability Benefits at Exit					-	0.0%
Workers' Compensation at Exit					-	0.0%
Other Public Support at Exit					1	1.9%
<b>Medical Insurance Coverage at Exit</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Medicaid at Exit					7	13.5%
Medicare at Exit					4	7.7%
State or Federal Affordable Care Act Exchange at Exit					-	0.0%
Public Insurance from Other Sources at Exit					-	0.0%
Private Insurance Through Employer at Exit					16	30.8%
Not Yet Eligible for Private Insurance Through Employer at Exit					-	0.0%
Private Insurance Through Other Means at Exit					3	5.8%

**Table 8— USVI Number of Participants Who Exited with Competitive Integrated Employment or Supported Employment by the Most Frequent SOC Title (PYs 2017-2019)**

No.	PY 19 SOC Title	PY 19 Number of Participants	PY 19 Median Hourly Earnings
1	Stock Clerks and Order Fillers	2	\$14.00
2	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	2	\$10.00
3	Building Cleaning Workers, All Other	2	\$14.00
4	Construction Laborers	2	\$20.00
5	Office Clerks, General	1	\$7.30
6	Carpenters	1	\$16.00
7	Police and Sheriff's Patrol Officers	1	\$28.47
8	Combined Food Preparation and Serving Workers, Including Fast Food	1	\$10.50
9	Maintenance and Repair Workers, General	1	\$12.00
10	Computer User Support Specialists	1	\$13.00

**Table 9— USVI Number of Students with Disabilities Reported, and the Number and Percentage of Students with Disabilities Who Received Pre-Employment Transition Services (PYs 2017-2019)**

Students with Disabilities	PY 17 Number/ Percentage of Students	PY 18 Number/ Percentage of Students	PY 19 Number/ Percentage of Students
Total Students with Disabilities Reported			334
Students with Disabilities Reported with 504 Accommodation			13
Students with Disabilities Reported with IEP			296
Students with Disabilities Reported without 504 Accommodation or IEP			25
Total Students with Disabilities Who Received a Pre-Employment Transition Service			105
Potentially Eligible Students with Disabilities Who Received a Pre-Employment Transition Service			0
Students with Disabilities, Who Applied for VR Services, and Received a Pre-Employment Transition Service			105
Percentage of Students with Disabilities Reported Who Received a Pre-Employment Transition Service			31.4%

**Table 10— USVI Number and Percentage of Required Pre-Employment Transition Services Provided (PYs 2017-2019)**

<b>Pre-Employment Transition Services</b>	<b>PY 17 Number of Pre- Employment Transition Services Provided</b>	<b>PY 17 Percent of Total Pre- Employment Transition Services Provided</b>	<b>PY 18 Number of Pre- Employment Transition Services Provided</b>	<b>PY 18 Percent of Total Pre- Employment Transition Services Provided</b>	<b>PY 19 Number of Pre- Employment Transition Services Provided</b>	<b>PY 19 Percent of Total Pre- Employment Transition Services Provided</b>
Total Pre-Employment Transition Services Provided					353	-
Job Exploration Counseling					108	30.6%
Work-Based Learning Experiences					117	33.1%
Counseling on Enrollment Opportunities					16	4.5%
Workplace Readiness Training					97	27.5%
Instruction in Self-Advocacy					15	4.2%

## Vocational Rehabilitation Program Other Measures That Matter

### Measure 1—USVI Sustaining Employment After Exit (January 1, 2018 – December 31, 2018)

This measure is the percent of VR program participants who are employed at exit and employed in the Second and Fourth Quarters after Exit.

	Number/Percent
Number Exited with Employment (01/01/2018-12/31/2018)	-
Number Employed in Second Quarter after Exit AND Fourth Quarter after Exit	-
Percent Sustaining Employment	-

### Measure 2—USVI Profile: Quality Employment (PY 2019)

This profile provides information related to employment status at exit and four quality indicators of employment:

1. Median Hourly Earnings.
2. Median Hours Worked per Week.
3. Employer-Provided Health Insurance; and
4. Social Security beneficiary information

Primary Disability	Number of Participants Exiting with Employment	Percent of Total Exiting with Employment	Median Hourly Earnings at Exit	Median Hours Worked per Week at Exit	Number with Health Insurance at Exit	Number with SS Benefits at Exit	Percent Employed at Exit
Visual	2	3.85%	\$10.25	27.5	1	-	50.00%
Communication	19	36.54%	\$16.00	40	12	2	86.36%
Physical	9	17.31%	\$13.00	40	8	2	69.23%
Intellectual	19	36.54%	\$13.00	40	5	-	43.18%
Psychosocial	3	0	\$11.25	40	3	1	37.50%
Significance of Disability	Number of Participants Exiting with Employment	Percent of Total Exiting with Employment	Median Hourly Earnings at Exit	Median Hours Worked per Week at Exit	Number with Health Insurance at Exit	Number with SS Benefits at Exit	Percent Employed at Exit
Significant	41	78.85%	\$13.00	40	27	4	56.94%
Most Significant	7	13.46%	\$13.13	40	2	1	58.33%
Students with Disabilities	Number of Participants Exiting with Employment	Percent of Total Exiting with Employment	Median Hourly Earnings at Exit	Median Hours Worked per Week at Exit	Number with Health Insurance at Exit	Number with SS Benefits at Exit	Percent Employed at Exit
Received Pre-Employment Transition Service under IPE	6	11.54%	\$15.56	40	-	-	50.00%

**Measure 3—USVI Profile: VR Process Efficiency (PY 2019)**

This profile provides information related to how efficiently individuals with disabilities were determined eligible for the VR program and received an Individualized Plan for Employment (IPE) within the Program Year. This profile will also show the outcomes these individuals if they exited during the Program Year.

<b>Application to Eligibility (PY 2019)</b>	<b>Number</b>		
Number of Individuals Who Applied in PY 2019	86		
Number of Individuals Determined Eligible in PY 2019	69		
<b>Application to Eligibility (PY 2019)</b>	<b>30 Days after Application</b>	<b>31 and 60 Days after Application</b>	<b>61 or More Days after Application</b>
Number Determined Eligible within:	15	23	31
Percent Determined Eligible within:	21.73 %	33.33%	44.92%
Number Determined Eligible in PY 2019 Who Exited with Employment during PY 2019 within	4	1	1
Number Determined Eligible in PY 2019 Who Exited without Employment during PY 2019 within	-	-	-

<b>Eligibility to IPE (PY 2020)</b>	<b>Number</b>			
Number of Individuals Who Had IPEs Developed in PY 2020				
<b>Eligibility to IPE (PY 2020)</b>	<b>30 Days after Eligibility</b>	<b>31 and 60 Days after Eligibility</b>	<b>61 and 90 Days after Eligibility</b>	<b>91 or More Days after Eligibility</b>
Number with IPEs Developed within:				
Percent of IPEs Developed within:				
Number with IPEs Developed in 2020 Who Exited with Employment during PY 2020				
Number with IPEs Developed in 2020 Who Exited without Employment during PY 2020				

\*PY 2020 data was not available at the time of this FFY 2021 monitoring review.

**Measure 4—USVI Profile: VR Service Provision (PY 2019)**

This profile shows the number of VR program participants who received at least one VR service divided by the total number of VR program participants.

<b>VR Program Participants</b>	<b>Program Year 2019 Q1</b>	<b>Program Year 2019 Q2</b>	<b>Program Year 2019 Q3</b>	<b>Program Year 2019 Q4</b>	<b>Program Year 2019 Annual</b>
Number of Participants Receiving VR Services	217		216	193	710
Total Number of Participants	245		236	234	837
Percent Receiving VR Services	88.57%		91.53%	82.48%	84.83%

**Measure 5—USVI Percent of Participants Enrolled in Education/Training Program  
Leading to a Recognized Credential/Employment (PY 2019)**

This measure shows the number of VR program participants who could earn a Measurable Skill Gains, as they work towards a Recognized Postsecondary Credential or Employment, divided by the total number of VR program participants being served. This measure uses the MSG Rate denominator as its numerator while the denominator is the total number of VR program participants.

<b>Program Year 2019 MSG Rate Denominator</b>	<b>Program Year 2019 Total Number of Participants Served</b>	<b>Program Year 2019 Percent of Participants Eligible to Earn MSG</b>
17	317	5.36%

**Measure 6—USVI Profile: Pre-Employment Transition Services (PY 2019)**

These profiles provide information related to the breakout of students with disabilities who received pre-employment transitions services in terms of the potentially eligible students with disabilities and the students with disabilities who received these services under an IPE and the number of students with disabilities who advance from potentially eligible status to VR program participant status and their outcomes. This data may be used to evaluate the relationship between the provision of pre-employment transition services, movement in the VR process, and employment outcomes.

<b>Students with Disabilities (PY 2019)</b>	<b>Job- Exploration Counseling</b>	<b>Workplace Readiness Training</b>	<b>Work-Based Learning Experience</b>	<b>Counseling on PSE Enrollment</b>	<b>Self- Advocacy Training</b>	<b>One or More Service</b>
Number of Potentially Eligible Students Who Received Service	0	0	0	0	0	0
Number of Students Who Received Service under IPE	34	37	52	5	6	84
Number of Students Who Received Service as Both Potentially Eligible and under an IPE	0	0	0	0	0	0
Number of Students Who Exited with Employment during PY	3	1	3	0	1	4
Number of Students Who Exited without Employment during PY	3	3	3	0	1	5

	<b>Number/ Percent</b>
Total Number of Participants in VR Program	317
Number of Potentially Eligible Students with Disabilities Who Received Pre-Employment Transition Services	0
Percent of Potentially Eligible Students with Disabilities Who Received Pre-Employment Transition Services	NA
Total Number of Applicants to VR Program	86
Number of Potentially Eligible Students with Disabilities Who Applied to VR Program	12
Percent of Potentially Eligible Students with Disabilities Who Applied to VR Program	14.0%



## **APPENDIX B: FISCAL DATA TABLES**

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- The fiscal data tables generally included in RSA’s monitoring reports are reflective of the latest version of the SF-425 financial data submitted by the VR agency as of the date of the review. Due to the transition of the RSA Management Information System (RSAMIS) during the period of review, fiscal staff used the individual report submissions in lieu of the fiscal data tables. Consequently, RSA has not included the fiscal tables in this report to avoid any confusion or misinterpretation. The agency’s individual SF-425 and RSA-2 submissions are publicly available on the RSAMIS website. Any questions about the fiscal data used for the review should be addressed to the Financial Management Specialist that conducted the review.